

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.05)

Unit Name* City of Grand Blanc	County* GENESEE	Type* CITY	MuniCode* 25-2-060
Opinion Date-Use Calendar* Sep 10, 2008	Audit Submitted-Use Calendar*	Fiscal Year End Month*	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 4,428,139.00
General Fund Expenditure:	<input type="checkbox"/> \$ 4,055,828.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 2,741,254.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> \$ 1,587,807.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Gerald	Last Name* Desloover	Ten Digit License Number* 1101007126		
CPA Street Address* 5800 Gratiot, PO Box 2025	City* Saginaw	State* MI	Zip Code* 48605	Telephone* +1 (989) 799-9580
CPA Firm Name* Rehmann Robson	Unit's Street Address* 203 E Grand Blanc Rd	Unit's City* Grand Blanc	Unit's Zip* 48439	



City of Grand Blanc, Michigan

Comprehensive Annual Financial Report

For the Fiscal Year
Ended May 31, 2008

**CITY OF GRAND BLANC, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MAY 31, 2008
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**CITY OF GRAND BLANC, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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List of Officials

Mayor

Michael N. Matheny

City Council

D. Keith Baldwin
James E. Bappert
John A. Freel
Connie S. Lesley
Susan J. Soderstrom
Steve Robinson

Administrative Officials

Randall D. Byrne - City Manager
Wendy Jean-Buhrer - Assistant City
Manager/Finance Director
Bethany J. Smith - City Clerk/Treasurer
Diane Guzak - Personnel Director
Marie Collias - Assessor
Ted Szczepanski - Building Inspector
James B. Harmes - Fire Chief
Steven P. Solomon - Police Chief
Matthew S. Wurtz - Public Works Director
Kae Eidson - Parks and Recreation Director

Independent Auditors

Rehmann Robson

Report Prepared By

Finance Department



City of Grand Blanc

203 E. Grand Blanc Rd.
Grand Blanc, MI 48439

www.cityofgrandblanc.com

810-694-1118
Fax 810-694-9517

MAYOR
Michael N. Matheny

CITY COUNCIL
D. Keith Baldwin
James E. Boppert
John A. Freil
Connie S. Lesley
Susan J. Soderstrom
Steven J. Robinson

CITY MANAGER
Randall D. Byrne

**CITY CLERK-
TREASURER**
Bethany J. Smith

**FINANCE DIRECTOR-
ASST. CITY MGR.**
Wendy L. Jean-Buhrer

CITY ASSESSOR
Marie Collias

CITY ATTORNEY
Walter P. Griffin

September 10, 2008

To the Mayor, City Council, and the Citizens of the City of Grand Blanc:

The Comprehensive Annual Financial Report (CAFR) of the City of Grand Blanc for the fiscal year ending May 31, 2008, is hereby submitted. The responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. The Administration believes that the data, as presented, is accurate in all material aspects, which is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial status have been included.

The City of Grand Blanc's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Grand Blanc for the fiscal year ending May 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Grand Blanc's financial statements for the fiscal year ending May 31, 2008, are fairly presented in conformity with GAAP.

Since the report consists of management's representations concerning the finances of the City of Grand Blanc, a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for preparation of the City of Grand Blanc's financial statements is used. However, due to the fact that the internal control systems should be cost effective, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Grand Blanc was founded in 1930 and celebrated its 75th Anniversary in 2005. The City is a 3.7 square mile community located in southern Genesee County, Michigan in an ideal location; minutes from three (3) major expressways that connect the City to cultural centers and the industrial centers of Michigan as well as the rest of the country. The City is located 10 miles south of Flint, 50 miles north of Detroit, and 3 miles north of Automation Alley in Oakland County. The City is enhanced by exemplary educational opportunities for kindergarten through 12th grade via both public and private schools and a premier library system. Quality health care is provided by Genesys Hospital, located just outside the city limits.

The City operates under the council/manager form of government with seven elected officials, a Mayor and six City Council members representing the residents of the City of Grand Blanc. Policy making and legislative authority are vested with the mayor and council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The City Manager is responsible for carrying out the policies of the governing council, and for overseeing the day to day operation of the city. The Mayor and the City Council members are elected on a non-partisan basis. The Mayor is directly elected by the electorate for a four (4) year term. The City Council members are elected on a staggered four (4) year term on an at large basis, with three (3) members being elected every two years. The City Manager is appointed by, and serves at, the pleasure of the City Council.

The City of Grand Blanc provides various municipal services to its citizens. Among these are police protection, garbage collection, water and sewer operations, street construction, maintenance and snow removal, planning and zoning and general administrative services. The City also participates in joint ventures such as: Grand Blanc Fire Commission, Grand Blanc Parks & Recreation Commission/ Senior Citizen Activity Center and the Grand Blanc District Library, with the Charter Township of Grand Blanc.

The City's annual budget provides the foundation for the financial planning and control. All departments and commissions funded by the City of Grand Blanc are required to submit requests for appropriations to the City Manager. The City Manager utilizes these requests as the basis for developing the proposed budget submitted to the City's Finance Committee. The Finance Committee is comprised of the Mayor and three City Council Members, which meet on a monthly basis to review the budget to actual numbers, prepare the budget, review accounts payable and to address all financial requests/concerns of the City of Grand Blanc. The

Finance Committee presents the proposed budget to the full City Council by May 1st of each year. The City Council actually adopts a two year budget, and the immediate next fiscal year budget is amended based on revised, more current information. The second year budget is the starting point for the budget process that begins in January. The adoption of the two year budget has greatly reduced the budget preparation time, allows the City to be more proactive and react faster to poor economic factors.

Major Initiatives

The City of Grand Blanc has continued the aggressive street resurfacing and/or reconstruction program that was begun many years ago. The most recently completed projects include resurfacing many local streets in some of our residential areas, and the installation of additional traffic signals. The Grand Blanc Road Streetscape project began in the fiscal year 2008 and will potentially become a \$1 million project over the next fiscal year. These projects have increased the safety for our residents and aesthetic nature of the City. Many of the street projects are made possible by Transportation Grants.

The City has completed the installation of its state of the art Intelligent Traffic System Signals from Center Road to Holly Road, which will help to alleviate traffic congestion on Saginaw Street. The state of art signals are monitored and improved to allow for traffic flow efficiency.

The City has completed the implementation of the computer software that includes General Ledger, Utility Billings, Accounts Payable, Payroll, Taxes, Assessing and Cash Receipting. The BS & A software allows all financial operations to communicate effectively and efficiently with services provided by the City through utility billing, assessing and taxation. Reporting from the computer software is improved and is utilized to its maximum potential with upgrades constantly being added from the computer software company to do so.

The City upgraded the generator system at City Hall so that all computer information and City Hall services can continue in spite of electrical outages and natural disasters. This is an important component to an emergency disaster plan.

The City of Grand Blanc Department of Public Works completed the Rust Park Water main project in the current fiscal year. This will improve the water in the Rust Park area and will extend the life of the main for 50 years. The City is also working with Gould Engineering to complete the beginning implementation phase for the storm sewer project that has been mandated.

Long Term Financial Planning

The City Council and Department Heads convene annually to develop and update the City's strategic plan for improvements to the infrastructure. Highlights of the current program include:

- ☞ Increasing economic and community development
- ☞ Continuing upgrade of computer technology throughout the City departments, including installation of upgrades and utilization of program features.
- ☞ Removing of diseased Ash trees prior to the tree dying and possibly falling down and damaging homes, streets, sidewalks, pulling down of power lines or causing personal injury.
- ☞ Upgrading and expanding Police and Fire Departments' training and its equipment to better serve homeland security requirements
- ☞ Continuing improvements to storm water management system
- ☞ Continuing to make improvements to our water supply system and the quality of the water
- ☞ Beginning the process to invest for post employment benefits

Since the City of Grand Blanc is at a mature stage in its life cycle the City Council is moving forward with the development of two (2) additional "improvements" which may have the greatest impact on the City. The City Council established a Downtown Development Authority (DDA) and a Brownfield Redevelopment Authority (BRA).

The DDA will focus on redeveloping the downtown area. The City had already developed the comprehensive Downtown Design guideline. These guidelines have already aided in the redevelopment of the downtown area. There have been improvements made to existing businesses and several new businesses developed in the downtown area. Many of these improvements and new businesses were completed before establishing the DDA. The DDA will be used as another tool to create a unique downtown that will offer our residents and visitors options for entertainment, shopping, and services, all in one package.

Michigan's Brownfield law is designed to encourage and assist developers who want to return property to productive use more quickly and at a lower cost than before, while still protecting human health and natural resources. The City of Grand Blanc has several properties that qualify under the Brownfield Act. The City's goal is to remediate property and to develop the property considered a Brownfield site.

Long range financial planning, of course is affected by the City's revenue stream. The negative effects of Proposal A of 1994 have yet to become apparent. The City, until recently has maintained sufficient growth and increase in property values to escape the pitfalls of Proposal A. The full impact of this proposal on local government service in Grand Blanc will be brought to light only if the residential property sales continue to decline.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the unique environment within which the City of Grand Blanc operates.

Local economy

The City of Grand Blanc is a desirable community and continues to attract new residents and businesses. The economic condition of the City is fiscally sound and stable. The future, however, is filled with economic uncertainty, challenges, and new opportunities.

Revenue projections continue to be challenging due to the reduction in the State of Michigan's state shared revenue program. Due to the decrease in state shared revenues, the City's second largest revenue source, the City continues to be challenged in maintaining current levels of operating expenses. The City maintains an adequate fund balance that offers a defense against a sluggish economy.

Many of Grand Blanc's residents work in either the Flint metropolitan area or in Automation Alley, a cluster of technology-driven companies in Oakland County. Genesee County's unemployment rate has increased for the past couple of years. Unemployment rates increased in durable manufacturing and in the wholesale sectors of the economy, while employment rates increased slightly in business and health, construction, government, and non-durable manufacturing. Automotive and truck related production makes up the largest share of manufacturing employment in Genesee County. Employment at General Motors, SPE and Delphi facilities decreased significantly in recent years.

Cash Management

The City complies with Public Act 20 of 1943 (as amended) of the State of Michigan in its cash management activities. Cash temporarily idle during the year was invested in demand deposits and in time deposits ranging from seven (7) to ninety-three (93) days. At the present time, the Council's Investment Policy is to invest in only Genesee County and Oakland County institutions. The Investment Manager invests in all available institutions in the Grand Blanc area and although there are some monies at risk, every effort is made to ensure that City monies are insured investments. The City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Risk Management

The City of Grand Blanc is insured by the Michigan Municipal League's Michigan Liability and Property Pool for comprehensive general liability, motor vehicle damage, comprehensive property damage and public official liability. The City participates in the Michigan Municipal League Worker's Compensation Fund for worker's compensation claims.

Pension and Other Post-employment Benefits

The City of Grand Blanc contributes to either a defined contribution plan administered by International City Management Association Retirement Corporation (ICMA-RC) or a defined benefit plan administered by Municipal Employees Retirement System (MERS) for each full time employee. The Police Patrol Unit union members are members of the MERS system. The City of Grand Blanc offered the non-union employees the choice to remain members of the ICMA system or transfer to the MERS plan. The majority of the employees elected to join the MERS retirement plan. As a matter of policy, the City fully funds each year's annual required contribution to each of the pension plans. The City also provides post-retirement health, dental and life insurance for certain retirees and their dependents. As of the end of the current fiscal year, there were 10 retired employees/dependents receiving these benefits, which are financed on a pay-as-you-go basis.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Blanc for its CAFR for the fiscal year ended May 31, 2007. This was the sixteenth consecutive year that the City has received this prestigious award. In order to be awarded the Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

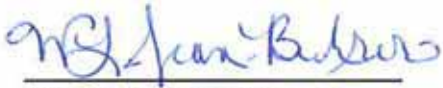
A Certificate of Achievement is valid for only one year. I believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and I will submit it to the GFOA to determine its eligibility for another certificate.

I wish to acknowledge the efforts of the department heads and the office staff that make it possible to prepare this CAFR. The commitment of the City Council to fiscal integrity and to financial leadership is also greatly appreciated. The accounting firm of Rehmann Robson also made substantial contributions in the preparation of this document.

Respectfully submitted,



Bethany J. Smith
City Clerk/Treasurer



Wendy L. Jean-Buhrer
Finance Director/Assistant City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grand Blanc
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
May 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

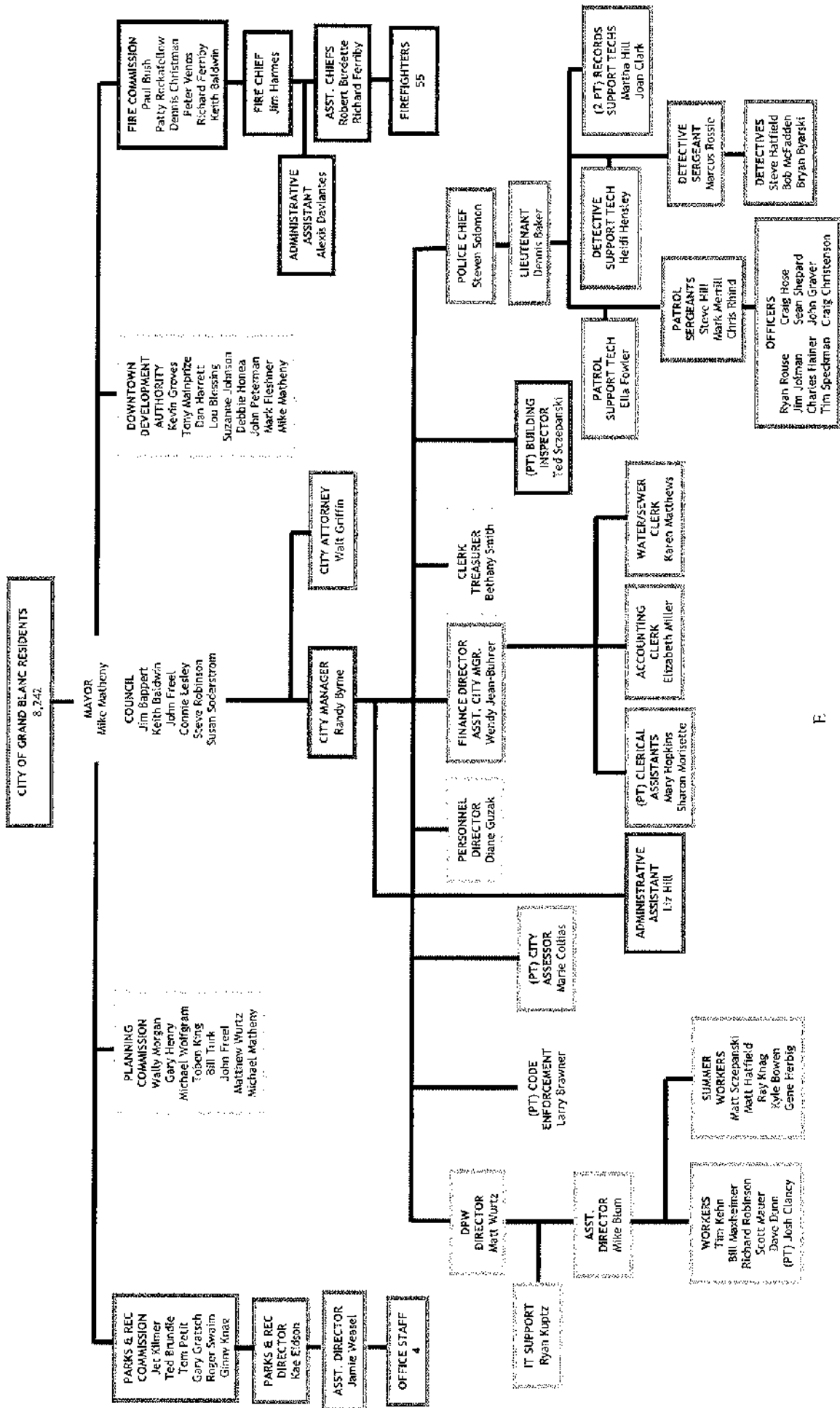


Charles S. Cox

President

Jeffrey R. Emer

Executive Director



Financial Section



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

INDEPENDENT AUDITORS' REPORT

September 10, 2008

Honorable Mayor and
Members of City Council
City of Grand Blanc
Grand Blanc, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***City of Grand Blanc, Michigan***, as of and for the year ended May 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ***City of Grand Blanc, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***City of Grand Blanc, Michigan***, as of May 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons of the General Fund for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2008, on our consideration of the ***City of Grand Blanc, Michigan***'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3.1-3.6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***City of Grand Blanc, Michigan***'s basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, reading "Lehmann Johnson".

Management's Discussion and Analysis

Management's Discussion and Analysis

The City of Grand Blanc's annual report has been prepared in compliance with Governmental Accounting Standard Board's (GASB) Statement No. 34 and consists of management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements and required supplemental information, and other supplemental information. The information presented here should be read in conjunction with the financial statements and the notes to the financial statements that follow.

The government-wide financial statements are designed to provide a broad overview of the City's finances and are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just on current financial resources measured on the individual fund statements. These statements make a distinction between governmental activities such as public safety and public works and business-type activities such as the provision of water and sewer services. Two government-wide statements are provided.

One government-wide statement, the statement of net assets, presents information on all of the City's assets and liabilities with the difference shown as net assets. Increase or decreases of net assets from period to period provide useful information on the direction of the City's financial position over time.

The other government-wide statement, the statement of activities, provides information on how the government-wide net assets changed during the fiscal year. This statement provides information on income, expenses, and other increase or decreases in net assets.

Following the government-wide statements, individual fund financial statements are provided for the City's major and combined financial information is provided for nonmajor funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services such as public safety and public works, proprietary funds, which account for business-type activities such as providing water and sewer services, and fiduciary funds, which account for assets held for outside parties.

Reconciliation between the individual fund statements and the government-wide financial statements is provided following the individual fund statements. The differences are primarily related to inclusion of capital assets and recognition of certain receivables and long-term liabilities, such as bonds, accrued interest, and accrued employee leave time, in the government-wide statement of net assets, which are not included in the fund balance sheets; and the recognition of certain revenues and expenditures such as bond proceeds, capital outlays, and debt principal repayment in the individual fund statements, which are not recorded in the government-wide statements.

Financial Highlights

- ❖ The total net assets for the City of Grand Blanc are \$20,067,641. Of this amount, \$4,325,775 is unrestricted and available for any City activity. The net assets increased \$176,133 from fiscal year 2007.
- ❖ Combined Program and General Revenue for the Primary Government funds amounted to \$7,514,402. Revenues exceeded expenses of \$7,338,269 by \$176,133.

- ❖ The combined fund balance at May 31, 2008 for the City's governmental funds was \$3,068,498. This was an increase of \$153,414 from fiscal year 2007.
- ❖ General Fund revenues exceeded expenditures by \$372,311, causing the General Fund's fund balance to increase accordingly.

Overview of the Financial Statements

This discussion constitutes the first section or introduction to the financial statements, which includes three parts. They are government-wide financial statements, the fund financial statements, and the notes to the financial statements. In addition to the financial statements, other supplementary information is also provided.

- ❖ The government-wide financial statements provide a broad overview of the City of Grand Blanc financial status for both the long-term and short-term.
 - The statement of net assets and statement of activities focus on the overall financial health indicators of the City. Those indicators are further categorized as either governmental activities that are primarily supported by taxes and intergovernmental revenues or business type activities which are supported by user fees and charges.
 - Grand Blanc's governmental activities include such areas as general government, public safety, highways, and streets. The business-type activities include water and sewer.
- ❖ The remaining statements are fund financial statements that focus on individual segments of the City. They are narrower in scope and provide more detail than the government-wide statements.
 - Governmental funds such as the general fund and the police fund focus on the financing of these areas in the short term and what remains for future spending.
 - Water and sewer funds represent some of the proprietary fund statements and show how these activities operate like businesses.
 - Fiduciary fund statements provide information about financial relationships, such as the retirement plan for City employees, where the City administers the fund for the benefit of others who have ownership to the assets.

Notes to the financial statements are also included to further explain some of the financial statements and provide more detailed data.

The final sections include information regarding the City of Grand Blanc. The required supplemental information would include such items as the City of Grand Blanc's progress in funding its pension obligations and demographic information. In addition, the City has also provided discretionary information about the City that should further enhance the understanding of its operations.

Government-wide Financial Analysis

As mentioned earlier, net assets provide useful benchmarks in determining overall financial position. The City of Grand Blanc's combined net assets are \$20,067,641. This compares to last year's total of \$19,904,776 which was an increase of \$162,865.

City of Grand Blanc's Net Assets

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 4,392,356	\$ 4,164,817	\$ 908,193	\$ 1,033,737	\$ 5,300,549	\$ 5,198,554
Capital Assets	\$ 9,819,378	\$ 9,695,032	\$ 10,676,296	\$ 10,995,757	\$ 20,495,674	\$ 20,690,789
Total Assets	\$ 14,211,734	\$ 13,859,849	\$ 11,584,489	\$ 12,029,494	\$ 25,796,223	\$ 25,889,343
Current and Other Liabilities	\$ 338,669	\$ 168,175	\$ 158,317	\$ 173,898	\$ 496,986	\$ 342,073
Long-term Liabilities	\$ 1,614,876	\$ 1,841,166	\$ 3,616,720	\$ 3,801,328	\$ 5,231,596	\$ 5,642,494
Total Liabilities	\$ 1,953,545	\$ 2,009,341	\$ 3,775,037	\$ 3,975,226	\$ 5,728,582	\$ 5,984,567
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 8,317,006	\$ 7,974,525	\$ 7,097,616	\$ 7,222,077	\$ 15,414,622	\$ 15,196,602
Restricted					\$ -	\$ -
Highways and Streets	\$ 327,244	\$ 546,141	\$ -	\$ -	\$ 327,244	\$ 546,141
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 3,613,939	\$ 3,329,842	\$ 711,836	\$ 832,191	\$ 4,325,775	\$ 4,162,033
Total net assets	\$ 12,258,189	\$ 11,850,508	\$ 7,809,452	\$ 8,054,268	\$ 20,067,641	\$ 19,904,776
Total Liabilities and Net Assets	\$ 14,211,734	\$ 13,859,849	\$ 11,584,489	\$ 12,029,494	\$ 25,796,223	\$ 25,889,343

Further review of the assets indicates that they are divided into three parts. The largest part, 77%, is the investment in capital assets (land, buildings, machinery and equipment) which cannot be readily liquidated or available for future spending. The second part is restricted assets, which can be used strictly for certain purposes. Finally, the last part is unrestricted assets which can be used for ongoing obligations or new activities.

Governmental Activities

Governmental activities are described in detail below. The City of Grand Blanc's increase in net assets of \$478,606 accounted for the total growth of net assets due to the negative net asset balance in the Business-Type activities.

The increase in net assets was caused by several items in both the revenue and expense activities. The increase in capital assets was due to construction and infrastructure improvements.

The City of Grand Blanc received a community development grant in the amount of \$13,461. This accounts for the only item in "capital grants and contributions" for the Governmental Activities.

A decrease in "operating grants and contributions" was due to the fact that the streets funds, both Major Streets and Local Streets, received slightly less gas and weight tax revenue. This was mostly likely due to the high price of gasoline and conservation efforts of the residents of the State as a whole, and lower number tourists visiting our State.

In 2008, General government and Public works expenses decreased over \$125,000 in continuing staff efforts to reduce expenses and to be more efficient. Public service expenses increased due to the land contract early payoff that was approved by City Council. Public safety expenses increased slightly due to staff transitional expenses. Highways and streets expenses accounted for a final contingent payment to a contractor for 2006 street projects. Interest on long-term debt is being reduced yearly as long-term debt is paid off.

The City of Grand Blanc was able to invest most of the excess funds for longer periods of time and thus obtained a high interest rate yield.

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
REVENUES:						
Program Revenues:						
Charges for services	\$709,813	\$688,964	\$1,851,286	\$1,654,828	\$2,561,099	\$2,343,792
Operating grants and contributions	\$494,068	\$549,913	\$0	\$0	\$494,068	\$549,913
Capital grants and contributions	\$13,461	\$16,797	\$2,300	\$42,238	\$15,761	\$59,035
General Revenues:						
Property taxes	\$3,179,576	\$3,038,932	\$341,021	\$330,697	\$3,520,597	\$3,369,629
State Shared Revenues	\$686,551	\$696,411	\$0	\$0	\$686,551	\$696,411
Other	\$198,987	\$127,885	\$37,339	\$50,924	\$236,326	\$178,809
TOTAL REVENUES	\$5,282,456	\$5,118,902	\$2,231,946	\$2,078,687	\$7,514,402	\$7,197,589
EXPENSES:						
General government	\$752,777	\$859,923	\$0	\$0	\$752,777	\$859,923
Public service	\$898,822	\$778,733	\$0	\$0	\$898,822	\$778,733
Public safety	\$2,140,998	\$2,070,892	\$0	\$0	\$2,140,998	\$2,070,892
Public works	\$308,465	\$320,549	\$0	\$0	\$308,465	\$320,549
Highway and Streets	\$635,385	\$312,299	\$0	\$0	\$635,385	\$312,299
Interest on long term debt	\$67,403	\$74,496	\$0	\$0	\$67,403	\$74,496
Water	\$0	\$0	\$1,549,328	\$1,426,733	\$1,549,328	\$1,426,733
Sewer	\$0	\$0	\$985,091	\$907,423	\$985,091	\$907,423
TOTAL EXPENSES	\$4,803,850	\$4,416,892	\$2,534,419	\$2,334,156	\$7,338,269	\$6,751,048
Increase (decrease) net assets	\$478,606	\$702,010	(\$302,473)	(\$255,469)	\$176,133	\$446,541
Net assets - beginning of year	\$11,779,583	\$11,148,498	\$8,111,925	\$8,495,467	\$19,891,508	\$19,643,965
Net assets - end of year	\$12,258,189	\$11,850,508	\$7,809,452	\$8,239,998	\$20,067,641	\$20,090,506

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,068,498, an increase of \$153,414 in comparison with the prior year. The entire fund balances constitutes unreserved fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the designated fund balance of the general fund was \$810,388, while total fund balance was \$2,741,254. As a measure of the general fund's liquidity, it may be useful to compare undesignated fund balance to total fund expenditures. Undesignated fund balance represents approximately 67% of total general fund expenditures.

The General Fund fund balance increased by \$372,311 due to tighter expenditure controls reflecting staff awareness of the economic situation occurring in Michigan that will ultimately impact the City of Grand Blanc. The increase in fund balance is also due to revenue collection procedures that capture, process and collect accounts receivables in a timely manner and more aggressive surplus funds investments that follow the City's investment policy and maximize revenue potential.

The Local Street fund had an increase in fund balance from the prior year of \$56,937 to the current year ending total of \$85,916. Substantially all of the increase in fund balance is for future planned improvement to many local streets. Of the increase in fund balance, 98% or \$84,020 was due to transfers in from the Major Street fund. This is allowable by law and is a management decision in order to fund local street projects and keep local streets in good condition to last for years to come.

The Nonmajor funds include Special Revenue Funds and Debt Service Funds and have a total fund balance of \$327,244, of which all is unreserved. This was a decrease in fund balance over the previous year. A contractor contingent Major Streets payment from 2006 was accrued in the current fiscal year which amounted to over \$180,000. The decrease in net change in fund balance for the current fiscal year amounted to \$218,897. This decrease is reflected in the accrual of the contingent contractor payment and increasing street maintenance expenses.

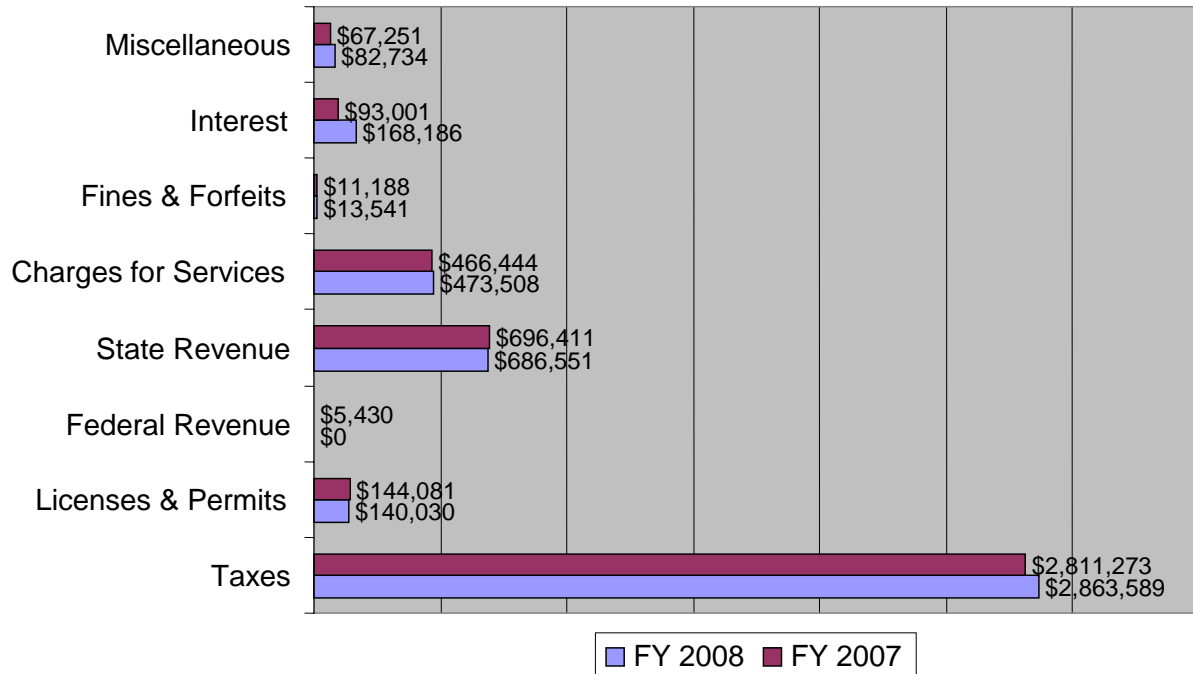
Proprietary funds. The City's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

The proprietary funds of the City of Grand Blanc are comprised of the water and sewer funds. Similar types of information are found here as compared to the government-wide statements but with more detail. The Water Fund's net assets were decreased by \$43,069, to \$5,496,067. This decrease is due to conservation of water and increasing expenses in the Water Fund. The Sewer Fund's net assets were decreased by \$228,560, to \$2,367,913. This decrease in the sewer fund is also due to water conservation with sewer usage rates based upon water consumption in most cases and increasing expenses in the Sewer Fund.

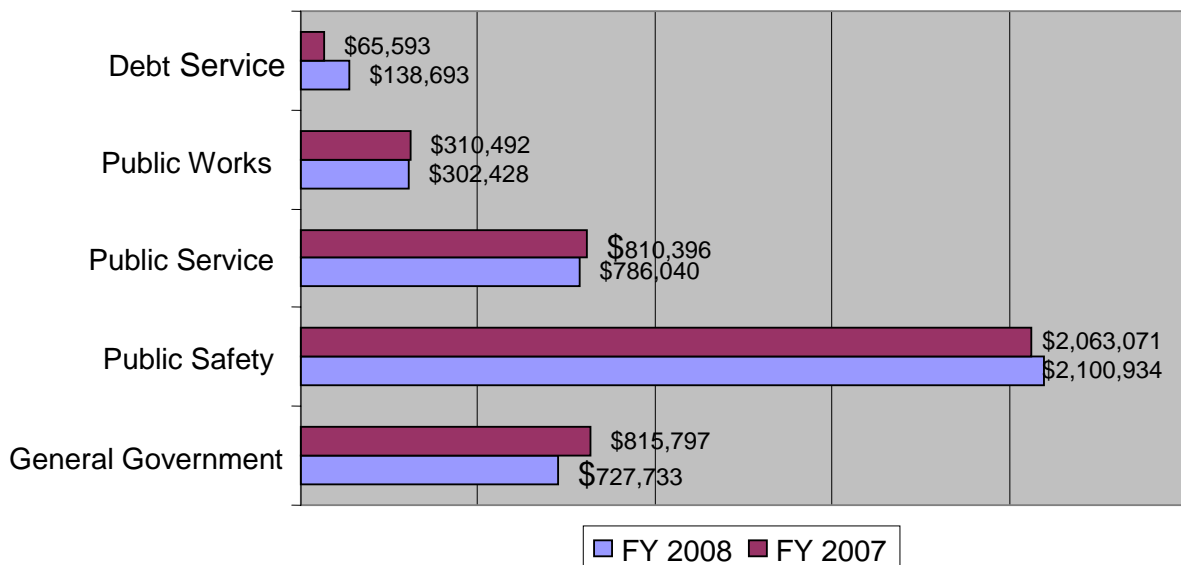
General Fund Budgetary Highlights

The General Fund accounts for all police, public works, planning and zoning, and administrative functions of the City government. The budget is essentially a "maintenance" budget, which means it increases modestly from year to year. The budget is monitored closely, and during the annual budget process, the City completes an extensive review of the current year budget, culminating in a budget amendment to appropriate revised revenue and expenditure estimates. As a result of careful monitoring throughout the year, a practice and a history of conservative budgeting, and cost containment measures taken by all Department Heads, differences between the original and final amended budgets for revenues and expenditures usually result in a relatively minor amount. Budget to actual results for the year were also relatively minor.

General Fund – Revenues



General Fund - Expenditures



Capital Asset and Debt Administration

At May 31, 2008, the City of Grand Blanc's investment in capital assets for the governmental and business-type activities amounted to \$20,495,674 (net of depreciation). The investment in capital assets covers a broad variety of land, buildings, machinery, equipment, roads, highways, and bridges. The investment in capital assets decreased \$195,115 due to retirement of capital assets and depreciation exceeding current additions.

Additional information regarding the City's capital assets can be found in note IV c. on pages 28 - 30 of this report.

Long-Term Debt

At May 31, 2008, the City had \$1,614,876 in bonds outstanding and compensated absences for governmental activities and \$3,616,720 in bonds outstanding and compensated absences for business-type activities. Both governmental and business-type activities long-term debt decreased due to payments on current long-term debt exceeding additions of long-term debt.

Additional information regarding the City's long-term debt can be found on pages 32-34 of this report.

Economic Factors and Next Year's Budgets and Rates

The economic condition of the State of Michigan is an ongoing concern. After withstanding a cut in state shared revenues of approximately \$134,000 in the past fiscal years, the upcoming fiscal year 2008-09 may be faced with further cuts which have been reflected in a fiscally responsible budget.

In addition, as provided in the State of Michigan Truth in Taxation Act, the City's state equalized value can not increase due to inflation more than the consumer price index.

Information Requests

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors a general overview of the City's finances and provide further accountability of the financial transactions that take place. If you have questions about this report or need additional financial information, please contact the City of Grand Blanc City Finance Director's or Clerks' Office, 203 E. Grand Blanc Road, Grand Blanc, Michigan, 48439, 810/694-1118.

Basic Financial Statements

Government-Wide Financial Statements

CITY OF GRAND BLANC
STATEMENT OF NET ASSETS
MAY 31, 2008

	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	\$ 2,635,310	\$ 682,179	\$ 3,317,489	\$ 8,561
Investments	400,000	-	400,000	-
Receivables	540,500	318,787	859,287	1,407
Prepaid expenses	4,189	-	4,189	-
Internal balances	92,773	(92,773)	-	-
Investments in joint ventures:				
Fire commission	401,405	-	401,405	-
Parks and recreation	318,179	-	318,179	-
Capital assets, net:				
Assets not being depreciated	4,293,015	195,120	4,488,135	-
Assets being depreciated	5,526,363	10,481,176	16,007,539	-
Total assets	14,211,734	11,584,489	25,796,223	9,968
Liabilities				
Accounts payable and accrued expenses	326,669	158,317	484,986	852
Unearned revenue	12,000	-	12,000	-
Noncurrent liabilities:				
Due within one year	222,261	216,520	438,781	-
Due in more than one year	1,392,615	3,400,200	4,792,815	-
Total liabilities	1,953,545	3,775,037	5,728,582	852
Net Assets				
Invested in capital assets, net of related debt	8,317,006	7,097,616	15,414,622	-
Restricted for:				
Highways and streets	327,244	-	327,244	-
Unrestricted	3,613,939	711,836	4,325,775	9,116
Total net assets	\$ 12,258,189	\$ 7,809,452	\$ 20,067,641	\$ 9,116

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND BLANC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2008**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 752,777	\$ 226,676	\$ -	\$ -
Public safety	2,140,998	174,989	-	-
Public service	898,822	292,845	-	13,461
Public works	308,465	15,303	-	-
Highways and streets	635,385	-	494,068	-
Interest on long-term debt	67,403	-	-	-
Total governmental activities	<u>4,803,850</u>	<u>709,813</u>	<u>494,068</u>	<u>13,461</u>
Business-type activities:				
Water	1,549,328	1,116,111	-	800
Sewer	985,091	735,175	-	1,500
Total business-type activities	<u>2,534,419</u>	<u>1,851,286</u>	<u>-</u>	<u>2,300</u>
Total primary government	<u>\$ 7,338,269</u>	<u>\$ 2,561,099</u>	<u>\$ 494,068</u>	<u>\$ 15,761</u>
Component Unit				
Downtown Development Authority	<u>\$ 852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Grants and contributions not
restricted to specific programs
Gain on sale of capital assets
Unrestricted investment earnings

Total general revenues

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (526,101)	\$ -	\$ (526,101)	
(1,966,009)	-	(1,966,009)	
(592,516)	-	(592,516)	
(293,162)	-	(293,162)	
(141,317)	-	(141,317)	
(67,403)	-	(67,403)	
(3,586,508)	-	(3,586,508)	
-	(432,417)	(432,417)	
-	(248,416)	(248,416)	
-	(680,833)	(680,833)	
(3,586,508)	(680,833)	(4,267,341)	
-	-	-	\$ (852)
3,179,576	341,021	3,520,597	9,915
686,551	-	686,551	-
2,168	-	2,168	-
196,819	37,339	234,158	53
4,065,114	378,360	4,443,474	9,968
478,606	(302,473)	176,133	9,116
11,779,583	8,111,925	19,891,508	-
\$ 12,258,189	\$ 7,809,452	\$ 20,067,641	\$ 9,116

Fund Financial Statements

CITY OF GRAND BLANC
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2008

	General	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 2,128,400	\$ 506,910	\$ 2,635,310
Investments	400,000	-	400,000
Receivables:			
Accounts	56,270	-	56,270
Taxes	153,452	13,982	167,434
Prepaid expenditures	4,189	-	4,189
Due from other funds	124,851	18,045	142,896
Due from other governmental units	118,418	76,466	194,884
Total assets	<u>\$ 2,985,580</u>	<u>\$ 615,403</u>	<u>\$ 3,600,983</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 63,959	\$ 183,508	\$ 247,467
Accrued liabilities	57,379	-	57,379
Deferred revenue	12,000	-	12,000
Due to other funds	110,988	104,651	215,639
Total liabilities	<u>244,326</u>	<u>288,159</u>	<u>532,485</u>
Fund Balances			
Unreserved:			
Designated for working capital	690,388	-	690,388
Designated for city employee retirement benefit costs	220,000	-	220,000
Undesignated:			
General Fund	1,830,866	-	1,830,866
Special Revenue Funds	-	327,244	327,244
Total fund balances	<u>2,741,254</u>	<u>327,244</u>	<u>3,068,498</u>
Total liabilities and fund balances	<u>\$ 2,985,580</u>	<u>\$ 615,403</u>	<u>\$ 3,600,983</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAND BLANC
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
MAY 31, 2008

Fund balances - total governmental funds	\$ 3,068,498
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	11,886,574
Deduct - accumulated depreciation	(2,498,560)

Other long-term assets are not available to pay for current period expenditures and therefore, either deferred or otherwise not recorded in the funds

Add - investment in joint ventures	719,584
------------------------------------	---------

Charges deferred to future periods in the governmental activities are not reported in the funds

Add - delinquent property taxes receivable	121,911
--	---------

An internal service fund is used by management to charge the costs of the vehicle/equipment pool to individual funds. A portion of the assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service fund	566,765
--	---------

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - long-term debt	(1,475,303)
Deduct - accrued interest on long-term debt	(18,776)
Deduct - compensated absences	(112,504)

Net assets of governmental activities	<u><u>\$ 12,258,189</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF GRAND BLANC
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2008

	General	Other Governmental Funds	Total
Revenues			
Taxes	\$ 2,863,589	\$ 284,183	\$ 3,147,772
Licenses and permits	140,030	-	140,030
Intergovernmental revenue	686,551	507,529	1,194,080
Charges for services	473,508	-	473,508
Fines and forfeitures	13,541	-	13,541
Interest	168,186	28,633	196,819
Other revenue	82,734	-	82,734
Total revenues	4,428,139	820,345	5,248,484
Expenditures			
Current:			
General government	727,733	-	727,733
Public safety	2,100,934	-	2,100,934
Public service	786,040	13,461	799,501
Public works	302,428	-	302,428
Highways and streets	-	860,709	860,709
Debt service			
Principal retirement	125,303	110,000	235,303
Interest and fiscal charges	13,390	55,072	68,462
Total expenditures	4,055,828	1,039,242	5,095,070
Revenues over (under) expenditures	372,311	(218,897)	153,414
Other Financing Sources (Uses)			
Transfers in	-	249,092	249,092
Transfers (out)	-	(249,092)	(249,092)
Total other financing sources (uses)	-	-	-
Net change in fund balances	372,311	(218,897)	153,414
Fund balances, beginning of year, as restated	2,368,943	546,141	2,915,084
Fund balances, end of year	\$ 2,741,254	\$ 327,244	\$ 3,068,498

The accompanying notes are an integral part of these financial statements.

CITY OF GRAND BLANC
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2008

Net change in fund balances - total governmental funds	\$ 153,414
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	413,496
Deduct - depreciation expense	(304,291)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in the funds, rather they are deferred to the following fiscal year.

Deduct - decrease in investment in joint ventures	(35,083)
Add - increase in delinquent property taxes receivable	31,804

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	235,303
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An internal service fund is used by management to charge the costs of the vehicle/equipment pool to individual funds. The net revenue (expense) of the fund is reported with governmental activities.

Deduct - net operating loss from governmental activities in the internal service fund	(27,419)
Add - gain on sale of capital assets recorded in the internal service fund	2,168
Deduct - interest expense recorded in the internal service fund	(1,373)

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrued interest payable on bonds	2,432
Add - decrease in compensated absences	8,155

Change in net assets of governmental activities	<u><u>\$ 478,606</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND BLANC
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MAY 31, 2008**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,878,000	\$ 2,871,000	\$ 2,863,589	\$ (7,411)
Licenses and permits	134,630	134,630	140,030	5,400
Intergovernmental revenue:				
State	610,000	619,000	686,551	67,551
Charges for services	450,400	450,400	473,508	23,108
Fines and forfeitures	15,000	15,000	13,541	(1,459)
Interest and rentals	72,000	136,890	168,186	31,296
Other revenue	49,000	49,000	82,734	33,734
Total revenues	<u>4,209,030</u>	<u>4,275,920</u>	<u>4,428,139</u>	<u>152,219</u>
Expenditures				
Current:				
General government:				
Administration	240,850	240,850	201,409	39,441
City manager	137,445	142,645	139,192	3,453
Elections	6,250	6,250	4,407	1,843
Finance director	80,135	83,680	71,071	12,609
Assessor	49,065	49,065	33,056	16,009
City treasurer	34,190	45,510	42,400	3,110
City hall	116,500	116,500	84,859	31,641
City property	19,100	19,100	30,311	(11,211)
Personnel	3,150	3,150	1,251	1,899
Retirement benefits	-	82,450	77,578	4,872
Other	84,610	84,610	42,199	42,411
Total general government	<u>771,295</u>	<u>873,810</u>	<u>727,733</u>	<u>146,077</u>
Public safety:				
Police department	2,096,165	2,108,165	2,045,615	62,550
Building inspection	97,005	100,605	55,319	45,286
Total public safety	<u>2,193,170</u>	<u>2,208,770</u>	<u>2,100,934</u>	<u>107,836</u>
Public service	<u>785,860</u>	<u>785,860</u>	<u>786,040</u>	<u>(180)</u>

**CITY OF GRAND BLANC
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED MAY 31, 2008**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued)				
Current (continued):				
Public works	\$ 242,480	\$ 326,380	\$ 302,428	\$ 23,952
Debt service:				
Principal retirement	66,100	125,100	125,303	(203)
Interest and fiscal charges	-	-	13,390	(13,390)
Total debt service	66,100	125,100	138,693	(13,593)
Total expenditures	4,058,905	4,319,920	4,055,828	264,092
Net change in fund balances	150,125	(44,000)	372,311	416,311
Fund balances, beginning of year, as restated	2,368,943	2,368,943	2,368,943	-
Fund balances, end of year	<u>\$ 2,519,068</u>	<u>\$ 2,324,943</u>	<u>\$ 2,741,254</u>	<u>\$ 416,311</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND BLANC
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MAY 31, 2008**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Total	Internal Service
Assets				
Current Assets				
Cash and cash equivalents	\$ 561,000	\$ 121,179	\$ 682,179	\$ -
Receivables:				
Customers	299,349	2,649	301,998	-
Taxes	16,789	-	16,789	-
Due from other funds	-	161,579	161,579	110,988
Total current assets	877,138	285,407	1,162,545	110,988
Noncurrent Assets				
Capital assets (net of accumulated depreciation)	8,463,754	2,212,542	10,676,296	431,364
Total assets	9,340,892	2,497,949	11,838,841	542,352
Liabilities				
Current Liabilities				
Accounts payable	18,053	111,882	129,935	2,269
Accrued liabilities	8,986	4,079	13,065	-
Accrued interest payable	15,317	-	15,317	778
Due to other funds	197,151	2,673	199,824	-
Compensated absences, current portion	11,310	5,210	16,520	-
Notes payable, current portion	-	-	-	13,083
Bonds payable, current portion	200,000	-	200,000	-
Total current liabilities	450,817	123,844	574,661	16,130
Long-Term Liabilities				
Compensated absences, net of current portion	15,328	6,192	21,520	-
Notes payable, net of current portion	-	-	-	13,986
Bonds payable, net of current portion	3,378,680	-	3,378,680	-
Total long-term liabilities	3,394,008	6,192	3,400,200	13,986
Total liabilities	3,844,825	130,036	3,974,861	30,116
Net Assets				
Investment in capital assets, net of related debt	4,885,074	2,212,542	7,097,616	404,295
Unrestricted	610,993	155,371	766,364	107,941
Total net assets	\$ 5,496,067	\$ 2,367,913	7,863,980	\$ 512,236
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(54,529)	
Net Assets of Business-Type Activities			\$ 7,809,451	

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND BLANC
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED MAY 31, 2008**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Total	Internal Service
Operating Revenues				
Charges for services	\$ 978,494	\$ 735,175	\$ 1,713,669	\$ 256,363
Rentals	84,115	-	84,115	-
Parts and service	18,360	-	18,360	-
Penalties	35,019	-	35,019	-
Total operating revenues	1,115,988	735,175	1,851,163	256,363
Operating Expenses				
Salaries and fringe benefits	526,471	241,554	768,025	-
Operating supplies	250,803	4,158	254,961	-
Maintenance and repairs	50,259	4,255	54,514	147,923
Utilities	179,359	2,190	181,549	-
Sewage disposal service	-	505,977	505,977	-
Depreciation	285,646	122,225	407,871	114,466
Insurance	36,756	27,084	63,840	51,237
Miscellaneous	30,257	9,046	39,303	1,000
Equipment rental	80,000	55,000	135,000	-
Sewer back up	-	1,036	1,036	-
Total operating expenses	1,439,551	972,525	2,412,076	314,626
Operating (loss)	(323,563)	(237,350)	(560,913)	(58,263)
Nonoperating Revenues (Expenses)				
Tap-in fees	800	1,500	2,300	-
Taxes	341,021	-	341,021	-
Interest income	30,049	7,290	37,339	-
Other revenue	123	-	123	-
Gain on sale of capital assets	-	-	-	2,168
Interest expense	(91,499)	-	(91,499)	(1,373)
Total nonoperating revenues (expenses)	280,494	8,790	289,284	795
Change in net assets	(43,069)	(228,560)	(271,629)	(57,468)
Net assets, beginning of year, as restated	5,539,136	2,596,473		569,704
Net assets, end of year	\$ 5,496,067	\$ 2,367,913		\$ 512,236
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(30,844)	
Change in net assets of business-type activities			\$ (302,473)	

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND BLANC
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2008**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Total	Internal Service
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 981,341	\$ 848,387	\$ 1,829,728	\$ -
Receipts from interfund services provided	131,294	-	131,294	312,619
Payments for interfund services received	-	(123,985)	(123,985)	-
Payments to employees	(530,916)	(247,974)	(778,890)	-
Payments to suppliers	(642,739)	(587,357)	(1,230,096)	(201,753)
Net cash provided (used) by operating activities	(61,020)	(110,929)	(171,949)	110,866
Cash Flows From Non-Capital Financing Activities				
Taxes	341,021	-	341,021	-
Other revenues	123	-	123	-
Net cash provided (used) by non-capital financing activities	341,144	-	341,144	-
Cash Flows From Capital and Related Financing Activities				
Principal paid on bonds and notes payable	(195,000)	-	(195,000)	(24,852)
Interest paid on bonds and notes payable	(91,906)	-	(91,906)	(595)
Acquisition and construction of capital assets	(67,760)	(20,650)	(88,410)	(133,439)
Proceeds received from sale of capital assets	-	-	-	6,000
Issuance of notes payable	-	-	-	42,020
Tap-in fees	800	1,500	2,300	-
Net cash provided (used) by capital and related financing activities	(353,866)	(19,150)	(373,016)	(110,866)
Cash Flows From Investing Activities				
Interest on investments	30,049	7,290	37,339	-
Net increase (decrease) in cash and cash equivalents	(43,693)	(122,789)	(166,482)	-
Cash and cash equivalents, beginning of year	604,693	243,968	848,661	-
Cash and cash equivalents, end of year	\$ 561,000	\$ 121,179	\$ 682,179	\$ -

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND BLANC
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2008**

	Business-type Activities - Enterprise Funds			Governmental Activities
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (323,563)	\$ (237,350)	\$ (560,913)	\$ (58,263)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	285,646	122,225	407,871	114,466
Changes in assets and liabilities:				
Accounts receivable	(134,647)	113,212	(21,435)	-
Due from other funds	164	(121,005)	(120,841)	56,420
Accounts payable	(15,305)	21,389	6,084	(1,593)
Accrued liabilities	(14,405)	(6,852)	(21,257)	-
Due to other funds	131,130	(2,980)	128,150	(164)
Compensated absences	9,960	432	10,392	-
Net cash provided (used) by operating activities	<u>\$ (61,020)</u>	<u>\$ (110,929)</u>	<u>\$ (171,949)</u>	<u>\$ 110,866</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND BLANC
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
MAY 31, 2008**

Assets	<u>Agency Funds</u>
Cash and cash equivalents	\$ 534
Taxes receivable	<u>121,911</u>
Total assets	<u><u>\$ 122,445</u></u>
 Liabilities	
Due to other governmental units	<u><u>\$ 122,445</u></u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Grand Blanc, Michigan, conform to generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Grand Blanc, Michigan (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or functional relationships with the City.

Blended component unit

The City of Grand Blanc Building Authority was incorporated under provisions of Michigan Public Act 31 of 1948 and is governed by a five member Board appointed by the City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. As a result, the City has included in its financial statements a debt service fund, used for the accumulation of resources to pay off the debt.

Discretely presented component units

Downtown Development Authority - The members of the governing Board of the Downtown Development Authority are appointed by the City Council. The budgets and expenditures of the Downtown Development Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority. Separate financial statements of the Downtown Development Authority can be obtained from the finance department at the City of Grand Blanc, 203 E. Grand Blanc Road, Grand Blanc, Michigan 48439.

Joint ventures

The City is a member of the Grand Blanc Community Fire Commission, which provides the protection services to the residents of the Charter Township and City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the City contributed \$184,220 for its operations. The City's equity interest of \$401,405 is recorded within the governmental activities column of the statement of net assets. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The complete financial statements for the Grand Blanc Fire Commission can be obtained from the administrative offices at 117 High Street, Grand Blanc, Michigan 48439.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

The City is a member of Grand Blanc Parks and Recreation Commission, which provides recreational services to the residents of the Charter Township and City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the City contributed \$121,935 for its operations. The City's equity interest of \$318,179 is recorded within the governmental activities column of the statement of net assets. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc Parks and Recreation Commission can be obtained from the administrative offices at 131 East Grand Blanc Road, Grand Blanc, Michigan 48439.

Jointly governed organization

The City is a member of Grand Blanc District Library Commission, which provides library services to the residents of the Charter Township and City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the City contributed \$36,800 for its operation. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc District Library Commission can be obtained from the administrative offices at 4195 West Pasadena, Flint, MI 48504.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The *Water and Sewer Funds* are managed by the City's Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage collection, pumping and distribution to the County's treatment plant.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

Additionally, the government reports the following fund types:

The *Internal Service Fund* accounts for the motor and equipment pool provided to other departments of the government on a cost reimbursement basis.

The *Agency Fund* accounts for assets held by the City as an agent for individuals, private organizations and other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise funds and of the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

D. Assets, liabilities, and fund equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments of the City are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Property taxes attach as an enforceable lien on property as of December 31 each year. City taxes, levied and immediately due on the following July 1, are collected without penalty through August 31, and with penalty thereafter. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are measurable and available. The City bills and collects its own property taxes, as well as taxes for the county and several school districts within its jurisdiction. Collections and remittances of the county and school taxes are accounted for in the Tax Collection Agency Fund. Real and personal property in the City for the 2007 levy had a taxable value of \$285,636,420. The City's charter allows the City to levy 20 mills. The City levied for 2007 general operating 9.9500 mills, streets 1.0000 mill, and water operating .2000 mills for a total of 11.1500 mills. The City also has a voted levy for water debt service of 1.000 mill which expires in 2023. The general operating millage is recorded in the general fund. The water debt levy and water operating millage are recorded in the water fund. The streets millage is recorded in the major and local street funds.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

3. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all roads and streets regardless of their acquisition date or amount.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	31.5
Improvements other than buildings	15-50
Vehicles	3-20
Machinery and equipment	5-20
Infrastructure	15-50

4. Accumulated unpaid vacation, personal, and sick pay

The City's policy allows employees to accumulate earned but unused vacation benefits. Accumulated sick and vacation is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements.

The total of unpaid sick and vacation pay that is applicable to governmental fund types is reported in the Statement of Net Assets.

All vacation days accumulated must be used by December 31 each year, or the vacation pay will be forfeited. Depending on the employee group, up to five days of accumulated personal days will be paid to each employee at December 31 of each year. Up to 40 sick days may be accumulated by each employee. Any unused sick pay of employees will be paid at fifty percent of the outstanding balance upon retirement only.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

5. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Stewardship, compliance, and accountability Budgetary information

A. Budgetary information

Budgets shown in the financial statements were prepared on the same modified accrual basis used to reflect actual results. The City employs the following procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first Monday in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following June 1. The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds.

Informational summaries of projected revenues and expenditures are provided for all other City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

2. Public hearings are conducted to obtain taxpayer comments.
3. In May, by resolution, the budget is legally enacted on a departmental (activity) basis for the General Fund and on a fund total for the Special Revenue Funds for the ensuing fiscal year, in accordance with Public Act 621 of the State of Michigan.
4. The City Manager, or his designee, is authorized to transfer budgeted amounts within departmental appropriation accounts; however, any revisions that alter the total expenditures of any department must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).
6. Budget appropriations lapse at year end.
7. The original budget was amended during the year in compliance with the City Charter and applicable state laws. The budget-to-actual expenditures in the financial statements represent the final budgeted expenditures as amended by the City Council.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances at year end.

B. Excess of Expenditures Over Appropriations For Budgetary Funds

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures that are in excess of the amount appropriated. During the year ended May 31, 2008, the City incurred expenditures in the General Fund, which were in excess of the amounts appropriated as follows:

Fund	Budget	Actual	Excess Expenditures
General Fund:			
General Government			
City property	\$ 19,100	\$ 30,311	\$ (11,211)
Public service	785,860	786,040	(180)
Debt service			
Principal retirement	125,100	125,303	(203)
Interest and fiscal charges	-	13,390	(13,390)

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

III. Detailed notes on all funds

A. Deposits and investments

A reconciliation of cash, pooled investments and investments as shown in the basic financial statement for the City's deposits and investments is as follows:

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 3,317,489
Investments	400,000
Component Unit:	
Cash and cash equivalents	8,561
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	<u>534</u>
Total	<u><u>\$ 3,726,584</u></u>
 Notes to Financial Statements:	
Deposits	\$ 1,191,613
Investments	2,534,296
Cash on hand	<u>675</u>
Total	<u><u>\$ 3,726,584</u></u>

The City has adopted an official investment policy which is in accordance with investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, Act 196 PA 1997 (the Act). The Act generally allows the City to deposit funds in banks, savings and loan associations, and credit unions in the State of Michigan. The Act also provides for investment in U.S. government obligations; certificates of deposit of banks, savings and loans, and credit unions; commercial paper; repurchase agreements; bankers' acceptances; and, with some restrictions, mutual funds.

CITY OF GRAND BLANC, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2008

As of May 31, 2008, the City had the following investments.

Investment	Maturity	Fair Value	Credit Rating Range	
			Standard & Poors	Moody's Investor's Services
Treasury Portfolio Class B	n/a	\$ 1,338,296	AAA	Aaa
Government Money Market Funds	n/a	1,187,439	AAA	Aaa
Government Money Market Fund	n/a	8,561	n/a	n/a
		<u>\$ 2,534,296</u>		

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The City's investment policy does not have specific limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments listed above do not have specific maturity dates.

Credit Risk. The City's investment policy does not have specific limits on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year end \$890,470 of the City's bank balance of \$1,490,470 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. However, while uninsured and unregistered, the City's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the City's name.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The City's investment policy does not have specific limits on concentration of credit risk. The following investments represent more than 5 percent of the City's total investments: Treasury Portfolio Class B and the Governmental Money Market Funds held in the Major Street, Water and Sewer Funds. All investments held at year end are reported above.

B. Receivables

Receivables in the primary government and the component unit are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit</u>
Receivables:			
Taxes	\$289,345	\$ 16,789	\$ -
Accounts	56,270	301,998	1,407
Intergovernmental	<u>194,885</u>	<u>-</u>	<u>-</u>
Total receivables	<u>\$540,500</u>	<u>\$ 318,787</u>	<u>\$ 1,407</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the deferred revenue and unearned revenue of \$12,000 reported in the governmental funds consisted of grant drawdowns prior to meeting all eligibility requirements.

CITY OF GRAND BLANC, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2008

C. Capital Assets

Capital assets activity for the year ended May 31, 2008 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 3,688,385	\$ -	\$ -	\$ 3,688,385
Construction in progress	<u>498,453</u>	<u>136,537</u>	<u>(30,360)</u>	<u>604,630</u>
Total capital assets not being depreciated	<u>4,186,838</u>	<u>136,537</u>	<u>(30,360)</u>	<u>4,293,015</u>
Capital assets being depreciated:				
Buildings and improvements	3,034,430	-	-	3,034,430
Improvements other than buildings	556,568	-	-	556,568
Machinery, vehicles and equipment	1,661,264	181,358	(12,775)	1,829,847
Infrastructure	<u>3,444,440</u>	<u>259,400</u>	<u>-</u>	<u>3,703,840</u>
Total capital assets being depreciated	<u>8,696,702</u>	<u>440,758</u>	<u>(12,775)</u>	<u>9,124,685</u>
Less accumulated depreciation				
Buildings and improvements	(1,584,610)	(91,984)	-	(1,676,594)
Improvements other than buildings	(224,659)	(34,290)	-	(258,949)
Machinery, vehicles and equipment	(1,100,496)	(152,228)	8,942	(1,243,782)
Infrastructure	<u>(278,743)</u>	<u>(140,254)</u>	<u>-</u>	<u>(418,997)</u>
Total accumulated depreciation	<u>(3,188,508)</u>	<u>(418,756)</u>	<u>8,942</u>	<u>(3,598,322)</u>
Total capital assets being depreciated, net	<u>5,508,194</u>	<u>22,002</u>	<u>(3,833)</u>	<u>5,526,363</u>
Governmental activities capital assets, net	<u><u>\$ 9,695,032</u></u>	<u><u>\$ 158,539</u></u>	<u><u>\$ (34,193)</u></u>	<u><u>\$ 9,819,378</u></u>

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated:				
Land and improvements	\$ 195,120	\$ -	\$ -	\$ 195,120
Capital assets being depreciated:				
Buildings and improvements	153,385	-	-	153,385
Improvements other than buildings	18,437,791	40,362	-	18,478,153
Machinery and equipment	187,088	48,048	-	235,136
Total capital assets being depreciated	18,778,264	88,410	-	18,866,674
Less accumulated depreciation				
Buildings and improvements	(44,261)	(3,164)	-	(47,425)
Improvements other than buildings	(7,771,771)	(393,077)	-	(8,164,848)
Machinery and equipment	(161,595)	(11,630)	-	(173,225)
Total accumulated depreciation	(7,977,627)	(407,871)	-	(8,385,498)
Total capital assets being depreciated, net	10,800,637	(319,461)	-	10,481,176
Business-type activities capital assets, net	<u>\$ 10,995,757</u>	<u>\$ (319,461)</u>	<u>\$ -</u>	<u>\$ 10,676,296</u>

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 53,568
Public service	73,910
Public safety	28,027
Public works	8,533
Highways and streets	140,253
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of assets	<u>114,465</u>

Total depreciation expense – governmental activities **\$ 418,756**

Business-type activities:

Water	\$ 285,646
Sewer	<u>122,225</u>

Total depreciation expense – business-type activities **\$ 407,871**

Construction commitments

The City has active construction projects as of May 31, 2008. The projects include street construction in areas with newly developed housing, and widening and construction of existing streets and bridges. The commitment for the projects is financed by gas and weight taxes, property taxes, and other local sources. At year-end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Town Square	\$ 394,443	\$ 180,557
ITS – Signals	92,511	157,489
2008 Paving Program	<u>13,899</u>	<u>194,101</u>
Total	<u>\$ 500,853</u>	<u>\$ 532,147</u>

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

D. Payables

Accounts payable and accrued liabilities in the primary government are as follows:

	Governmental Activities	Business-type Activities
Accounts	\$ 249,736	\$ 129,935
Wages, fringe benefits and other accrued liabilities	57,379	13,065
Accrued interest payable	<u>19,554</u>	<u>15,317</u>
Total	<u>\$ 326,669</u>	<u>\$ 158,317</u>

E. Interfund Receivables, Payables and Transfers

Due to:	Due from:					Total
	General	Nonmajor Governmental	Water	Sewer	Internal Service	
General	\$ -	\$ 86,606	\$ 35,572	\$ 2,673	\$ -	\$ 124,851
Nonmajor						
Governmental	-	18,045	-	-	-	18,045
Sewer	-	-	161,579	-	-	161,579
Internal Service	<u>110,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,988</u>
Total	<u>\$110,988</u>	<u>\$ 104,651</u>	<u>\$197,151</u>	<u>\$ 2,673</u>	<u>\$ -</u>	<u>\$ 415,463</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

	<u>Transfer from:</u>
	Nonmajor Governmental
Transfer to:	
Nonmajor Governmental	<u>\$ 249,092</u>

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and to move gas and weight taxes collected in the Major Street Fund to the Local Street Fund to subsidize that fund.

F. Long-Term Debt

Long-term obligations for the year ended May 31, 2008, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
1993 Michigan Transportation Fund bonds due in annual installments ranging from from \$30,000 to \$40,000 through 2010; interest ranging from 3.25% to 5.375%	\$ 115,000	\$ -	\$ 35,000	\$ 80,000	\$ 40,000
2001 Installment Note payable due in annual installments ranging from \$25,000 to \$30,000 through 2010; interest at 5.25%; repaid in 2008	85,000	-	85,000	-	-

CITY OF GRAND BLANC, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2008

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities (continued):					
2001 Michigan Transportation Fund bonds due in annual installments ranging from from \$50,000 to \$175,000 through 2017; interest at 2%	\$ 1,225,000	\$ -	\$ 75,000	\$ 1,150,000	\$ 75,000
2005 Mannor Property Note Payable due in annual installments of \$25,000 to \$35,000 through 2015; interest at 4.25%	255,000	-	25,000	230,000	30,000
Equipment Capital Lease due in annual installments of \$8,810 to \$9,901 through 2008; interest at 5.85%	9,901	-	9,901	-	-
Equipment Capital Lease due in annual installments of \$15,303 through 2009; interest at 0%	30,606	-	15,303	15,303	15,303
Equipment Capital Lease due in annual installments of \$14,951 through 2010 interest at 6.7% interest	-	42,020	14,951	27,069	13,083
Compensated absences	<u>120,659</u>	<u>123,483</u>	<u>131,638</u>	<u>112,504</u>	<u>48,875</u>
	<u>\$ 1,841,166</u>	<u>\$ 165,503</u>	<u>\$ 391,793</u>	<u>\$ 1,614,876</u>	<u>\$ 222,261</u>
Business-type activities					
2003 Drinking Water Revolving Fund bonds due in annual installments ranging from \$150,000 to \$235,000 through 2023; interest at 2.5%	\$ 3,140,000	\$ -	\$ 160,000	\$ 2,980,000	\$ 165,000
2003 Drinking Water Revolving Fund bonds due in annual installments ranging from \$18,336 to \$50,000 through 2023; interest at 2.5%	633,680	-	35,000	598,680	35,000
Compensated absences	<u>27,648</u>	<u>74,840</u>	<u>64,448</u>	<u>38,040</u>	<u>16,520</u>
	<u>\$ 3,801,328</u>	<u>\$ 74,840</u>	<u>\$ 259,448</u>	<u>\$ 3,616,720</u>	<u>\$ 216,520</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

CITY OF GRAND BLANC, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2008

Resources are transferred from the Major Street and Local Street Funds to the Debt Service Fund to repay the Michigan Transportation bonds. General Fund resources are used to pay the Building Authority bonds. Property taxes are levied to pay a portion of the 2003 Drinking Water Revolving Fund Bonds and operating revenues will be used to pay the remainder of the 2003 Drinking Water Revolving Fund Bonds from the Water Fund. General Fund resources will be used to pay the installment and equipment notes payable. The original amount of governmental activities bonds, notes payable, and capital leases issued in prior years was \$2,482,020. The original amount of business-type activities bonds issued in prior years was \$4,338,680.

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

Year Ending May 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 145,000	\$ 57,502	\$ 200,000	\$ 86,967
2010	170,000	50,820	210,000	81,842
2011	130,000	44,579	215,000	76,530
2012	160,000	38,742	220,000	71,092
2013	160,000	32,298	225,000	65,530
2014 - 2018	695,000	59,390	1,195,000	240,273
2019 - 2023	-	-	1,313,680	80,431
Total	<u>\$1,460,000</u>	<u>\$ 283,331</u>	<u>\$3,578,680</u>	<u>\$ 702,665</u>

Annual debt service requirements to maturity for capital leases payable are as follows:

Year Ending May 31	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 28,386	\$ 1,868
2010	13,986	965
Total	<u>\$ 42,372</u>	<u>\$ 2,833</u>

In the governmental activities, the equipment acquired through capital lease had a total value of \$69,439.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

IV. Other information

A. Risk management

The City is exposed to various risks of loss related to property loss, torts, errors and omission, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits provided to employees and participates in the Michigan Municipal League (MML) risk pool for claims relating to property loss, torts, errors and omissions. The City pays unemployment claims on a reimbursement basis. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

B. Retirement plans

Defined Contribution - I.C.M.A.

During the year ended May 31, 1994, the City began participation in a defined contribution plan. The plan is a single employer defined contribution plan administered by the International City Managers Association. The plan covers all full-time employees that elected to participate in the plan. The City has no fiduciary responsibilities for the plan administration or investment of the funds.

The City's pension plan was organized under Public Act #135 of 1945 as amended, State of Michigan. Employees are eligible to participate in the pension plan after one month of service with a minimum age requirement of 21. The plan provides for employees to be 100% vested after three years of service, with 0% vesting prior to that point. The minimum required contribution for plan participants is 11.5% of base salary to be paid by the employer. Employees did not contribute to the plan during the year.

During the year, contributions totaling \$16,380 were made by the employer in accordance with contribution requirements established by council.

All investments are handled through ICMA. The plan allows loans to participants. Plan assets do not consist of any employer or related party investments.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

Defined Benefit - Michigan Municipal Employee Retirement System

Plan description

During the year ended May 31, 1996, the City of Grand Blanc elected to participate in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the State of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the State of Michigan. The City has no fiduciary responsibility for the plan. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole. The report can be obtained by writing to Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

Membership in the plan at December 31, 2007, the date of the latest actuarial valuation, is comprised of 33 active members, 2 vested former members, and 3 retirees and beneficiaries.

The plan provides for vesting of benefits after 10 years of service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement at age 50 with 25 or more years of service for police patrol unit, and at age 55 with 25 or more years of service for administration, DPW, and Police command. Election of early retirement is subject to reduction of benefits as outlined below.

Participants are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 2.5% of the member's final average compensation (FAC) for police patrol unit, 2.25% of the member's FAC for administration and police command and 2.0% of the member's FAC for DPW. The retirement allowance is reduced 1/2% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available.

Funding policy

The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. The City makes employer contributions in accordance with funding requirements determined by MERS' actuary. Benefit provisions and contribution obligations have been established by union contract.

For fiscal year ended May 31, 2008, the DPW group was required to contribute 4.22% of wages, the Police Command was required to contribute 6.07% of wages, the Administration was required to contribute 8.19%, and the Police Employees were required to contribute 7.97% of wages.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

Pension contributions withheld from employees amounted to \$36,952 during the year ended May 31, 2008.

Annual Pension Cost

For the year ended May 31, 2008 the City's annual pension cost of \$242,656 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of an actuarial valuation at December 31, 2005. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% for inflation, plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases and (c) the assumption that benefits will not increase after retirement. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect market value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2005, the date of the most recent actuarial valuation, was 29 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
5/31/06	\$222,065	100%	\$0
5/31/07	237,334	100	0
5/31/08	242,656	100	0

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
12/31/05	\$4,813,274	\$6,596,608	\$1,783,334	73.0%	\$1,986,441	89.8%
12/31/06	5,388,392	7,395,179	2,006,787	72.9%	2,035,041	98.6%
12/31/07	6,011,229	8,262,376	2,251,147	73.0%	2,035,484	111.0%

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

C. Post-employment benefits

Substantially all employees are eligible to receive post-employment benefits upon retirement in the form of health care, dental, and life insurance benefits. These benefits are provided by contractual agreement and are paid annually by the General Fund. The City funds these costs on a pay-as-you-go basis. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$108,699 during the year ended May 31, 2008. The total number of eligible retirees amounted to ten individuals at May 31, 2008. By contractual agreement, the City pays 100% of these costs. There are no provisions for employee contributions.

Upcoming reporting change:

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” post-employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending May 31, 2010. Management is currently assessing the impact of this new accounting standard on the City’s financial statement for future reporting periods.

D. Contingencies

The City receives financial assistance from other governmental agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any financial statements herein or on the overall position of the City.

The City is a subject to various legal proceedings arising in the course of providing public services to City residents. However, in the opinion of the City’s attorney and management, the resolution of these matters will not have a material effect, if any, on the financial condition of the City.

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

E. Construction code revenues/expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed revenues. The City chose the latter because historically the expenditures have exceeded revenues. The activity related to construction code activity for the year ended May 31, 2008 is as follows:

Beginning deficit	\$ (225,333)
Construction permit revenue	\$ 14,053
Expenditures:	
Professional services	<u>(55,319)</u>
Revenue over (under) expenditures	<u> (41,266)</u>
Ending deficit	<u><u>\$ (266,599)</u></u>

CITY OF GRAND BLANC, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

F. Restatements

For the City's General Fund, adjustments were made to write off old interfund receivables and payables as of May 31, 2007. The net effect of these errors caused the City's assets and liabilities to be overstated in some funds and their fund balance/net assets to be understated or overstated. These errors have been corrected and had the following effect on the beginning fund equity:

	General Fund	Nonmajor Governmental Funds	Water Fund	Governmental Activities	Business- Type Activities
Fund balance / net assets, as previously reported	\$ 2,365,828	\$ 620,181	\$ 5,481,479	\$ 11,850,508	\$ 8,054,268
Write off of interfund receivable / payable	3,115	(74,040)	57,657	(70,925)	57,657
Fund balance / net assets, as restated	<u>\$ 2,368,943</u>	<u>\$ 546,141</u>	<u>\$ 5,539,136</u>	<u>\$ 11,779,583</u>	<u>\$ 8,111,925</u>

G. Subsequent Events

In September 2007, the City approved the Grand Blanc Road Streetscape project at a total cost of \$886,505. Engineering work began in the fiscal year ended May 31, 2008, and the actual construction is slated to begin in the subsequent fiscal year.

In May 2008 the City authorized the Fire Commission to lease/purchase 2 Pierce fire pumper trucks from Chase Equipment Leasing in the amount of \$650,000.

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Combining and Individual Fund Financial Statements

Nonmajor Governmental Funds

**CITY OF GRAND BLANC
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
MAY 31, 2008**

	Special Revenue	Debt Service	Total
Assets			
Cash and cash equivalents	\$ 506,910	\$ -	\$ 506,910
Taxes receivable	13,982	-	13,982
Due from other funds	18,045	-	18,045
Due from other governments	76,466	-	76,466
Total assets	<u>\$ 615,403</u>	<u>\$ -</u>	<u>\$ 615,403</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 183,508	\$ -	\$ 183,508
Due to other funds	104,651	-	104,651
Total liabilities	288,159	-	288,159
Fund Balances			
Unreserved, undesignated	327,244	-	327,244
Total liabilities and fund balances	<u>\$ 615,403</u>	<u>\$ -</u>	<u>\$ 615,403</u>

**CITY OF GRAND BLANC
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2008**

	Special Revenue	Debt Service	Total
Revenues			
Taxes	\$ 284,183	\$ -	\$ 284,183
Intergovernmental:			
Federal	13,461	-	13,461
State	494,068	-	494,068
Interest	28,633	-	28,633
Total revenues	820,345	-	820,345
Expenditures			
Current:			
Public service	13,461	-	13,461
Highways and streets	860,709	-	860,709
Debt service			
Principal	-	110,000	110,000
Interest and fiscal charges	-	55,072	55,072
Total expenditures	874,170	165,072	1,039,242
Revenues over (under) expenditures	(53,825)	(165,072)	(218,897)
Other Financing Sources (Uses)			
Transfers in	84,020	165,072	249,092
Transfers (out)	(249,092)	-	(249,092)
Total other financing sources (uses)	(165,072)	165,072	-
Net change in fund balance	(218,897)	-	(218,897)
Fund balances, beginning of year, as restated	546,141	-	546,141
Fund balances, end of year	\$ 327,244	\$ -	\$ 327,244

Special Revenue Funds

Major Street Fund - To account for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units for major streets and roads. State law requires that these taxes be used for street maintenance and construction.

Local Street Fund - To account for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units for local streets and roads. State law requires that these taxes be used for street maintenance and construction.

Community Development Fund - To account for revenues earned and expenditures incurred by the City as a sub-grantee of the Community Development Block Grant Program. The program includes projects for the museum elevator, the master plan update, and other community enrichment activities.

**CITY OF GRAND BLANC
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MAY 31, 2008**

	Major Street	Local Street	Community Development	Total
Assets				
Cash and cash equivalents	\$ 385,502	\$ 121,408	\$ -	\$ 506,910
Taxes receivable	-	13,982	-	13,982
Due from other funds	3,853	14,192	-	18,045
Due from other governments	50,464	21,930	4,072	76,466
Total assets	\$ 439,819	\$ 171,512	\$ 4,072	\$ 615,403
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 182,197	\$ -	\$ 1,311	\$ 183,508
Due to other funds	16,294	85,596	2,761	104,651
Total liabilities	198,491	85,596	4,072	288,159
Fund Balances				
Unreserved, undesignated	241,328	85,916	-	327,244
Total liabilities and fund balances	\$ 439,819	\$ 171,512	\$ 4,072	\$ 615,403

**CITY OF GRAND BLANC
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2008**

	Major Street	Local Street	Community Development	Total
Revenues				
Taxes	\$ 56,837	\$ 227,346	\$ -	\$ 284,183
Intergovernmental revenue:				
Federal	-	-	13,461	13,461
State	360,127	133,941	-	494,068
Interest	23,495	5,138	-	28,633
Total revenues	<u>440,459</u>	<u>366,425</u>	<u>13,461</u>	<u>820,345</u>
Expenditures				
Current:				
Public service	-	-	13,461	13,461
Highways and streets	<u>507,623</u>	<u>353,086</u>	<u>-</u>	<u>860,709</u>
Total expenditures	<u>507,623</u>	<u>353,086</u>	<u>13,461</u>	<u>874,170</u>
Revenues over (under) expenditures	<u>(67,164)</u>	<u>13,339</u>	<u>-</u>	<u>(53,825)</u>
Other Financing Sources (Uses)				
Transfers in	-	84,020	-	84,020
Transfers out	<u>(208,670)</u>	<u>(40,422)</u>	<u>-</u>	<u>(249,092)</u>
Total other financing sources (uses)	<u>(208,670)</u>	<u>43,598</u>	<u>-</u>	<u>(165,072)</u>
Net change in fund balance	<u>(275,834)</u>	<u>56,937</u>	<u>-</u>	<u>(218,897)</u>
Fund balances, beginning of year, as restated	<u>517,162</u>	<u>28,979</u>	<u>-</u>	<u>546,141</u>
Fund balances, end of year	<u>\$ 241,328</u>	<u>\$ 85,916</u>	<u>\$ -</u>	<u>\$ 327,244</u>

CITY OF GRAND BLANC
MAJOR STREET SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MAY 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 72,020	\$ 57,520	\$ 56,837	\$ (683)
Intergovernmental:				
State	356,000	356,000	360,127	4,127
Interest	-	23,500	23,495	(5)
Total revenues	428,020	437,020	440,459	3,439
Expenditures				
Current:				
Highways and streets	75,000	325,600	507,623	(182,023)
Revenues over (under) expenditures	353,020	111,420	(67,164)	(178,584)
Other Financing Sources (Uses)				
Transfers (out)	(208,720)	(208,720)	(208,670)	50
Net change in fund balance	144,300	(97,300)	(275,834)	(178,534)
Fund balance, beginning of year	517,162	517,162	517,162	-
Fund balance, end of year	<u>\$ 661,462</u>	<u>\$ 419,862</u>	<u>\$ 241,328</u>	<u>\$ (178,534)</u>

CITY OF GRAND BLANC
LOCAL STREET SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MAY 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 230,070	\$ 230,070	\$ 227,346	\$ (2,724)
Intergovernmental:				
State	135,000	135,000	133,941	(1,059)
Interest	11,500	11,500	5,138	(6,362)
Total revenues	376,570	376,570	366,425	(10,145)
Expenditures				
Current:				
Highways and streets	322,590	420,090	353,086	67,004
Revenues over (under) expenditures	53,980	(43,520)	13,339	56,859
Other Financing Sources (Uses)				
Transfers in	34,020	84,020	84,020	-
Transfers (out)	(33,000)	(40,500)	(40,422)	78
Total other financing sources (uses)	1,020	43,520	43,598	78
Net change in fund balance	55,000	-	56,937	56,937
Fund balance, beginning of year	28,979	28,979	28,979	-
Fund balance, end of year	<u>\$ 83,979</u>	<u>\$ 28,979</u>	<u>\$ 85,916</u>	<u>\$ 56,937</u>

**CITY OF GRAND BLANC
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MAY 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental revenue:				
Federal	\$ 5,000	\$ 5,000	\$ 13,461	\$ 8,461
Expenditures				
Current:				
Public service	<u>5,000</u>	<u>5,000</u>	<u>13,461</u>	<u>(8,461)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Debt Service Funds

1993 Transportation Bond Debt Service - To account for the servicing of the 1993 Transportation Bonds.

2001 Transportation Bond Debt Service - To account for the servicing of the 2001 Transportation Bonds.

**CITY OF GRAND BLANC
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
MAY 31, 2008**

	1993 Transportation Bond Debt Service	2001 Transportation Bond Debt Service	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Reserved for debt service	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>

**CITY OF GRAND BLANC
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2008**

	1993 Transportation Bond Debt Service	2001 Transportation Bond Debt Service	Total
Expenditures			
Debt service:			
Principal	\$ 35,000	\$ 75,000	\$ 110,000
Interest and fiscal charges	5,547	49,525	55,072
Total expenditures	40,547	124,525	165,072
Other Financing Sources (Uses)			
Transfers in	40,547	124,525	165,072
Net change in fund balance	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Fiduciary Funds

Agency Funds

Tax Collection - To account for the collection and payment to the county, school districts, and others for which property taxes are collected by the City on their behalf.

**CITY OF GRAND BLANC
TAX COLLECTION AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MAY 31, 2008**

	Balance June 1, 2007	Additions	Deductions	Balance May 31, 2008
Assets				
Cash and cash equivalents	\$ 28,321	\$ 12,922,701	\$ 12,950,488	\$ 534
Taxes receivable	90,107	359,441	327,637	121,911
Total assets	<u>\$ 118,428</u>	<u>\$ 13,282,142</u>	<u>\$ 13,278,125</u>	<u>\$ 122,445</u>
Liabilities				
Due to other governmental units	<u>\$ 118,428</u>	<u>\$ 13,282,142</u>	<u>\$ 13,278,125</u>	<u>\$ 122,445</u>

Capital Assets Used in Operation of Governmental Funds

To account for capital assets not used in proprietary fund operations.

CITY OF GRAND BLANC
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
MAY 31, 2008

Governmental Funds Capital Assets:

Land	\$ 3,688,385
Building and improvements	3,034,430
Improvements other than buildings	556,568
Machinery, vehicles and equipment	298,721
Infrastructure	3,703,840
Construction in progress	<u>604,630</u>

Total governmental funds capital assets	<u><u>\$ 11,886,574</u></u>
--	------------------------------------

Investment in Governmental Funds Capital Assets By Source:

General Fund	\$ 7,578,104
Special Revenue Funds	<u>4,308,470</u>

Total governmental funds capital assets	<u><u>\$ 11,886,574</u></u>
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Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF GRAND BLANC
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
MAY 31, 2008

	Land	Buildings and Improvements	Improvements Other than Buildings	Machinery, Vehicles and Equipment	Infrastructure	Construction in Progress	Total
General government:							
City hall	\$ 1,315,701	\$ 1,162,540	\$ -	\$ 138,943	\$ -	\$ -	\$ 2,617,184
Public safety:							
Police department	-	-	-	99,261	-	-	99,261
Fire department	67,778	500,000	-	-	-	-	567,778
Public works	10,000	123,000	-	32,401	-	-	165,401
Public service	2,294,906	1,248,890	556,568	28,116	-	-	4,128,480
Highways and streets	-	-	-	-	3,703,840	604,630	4,308,470
	<u>\$ 3,688,385</u>	<u>\$ 3,034,430</u>	<u>\$ 556,568</u>	<u>\$ 298,721</u>	<u>\$ 3,703,840</u>	<u>\$ 604,630</u>	<u>\$ 11,886,574</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF GRAND BLANC
SCHEDULE OF CHANGES IN GOVERNMENTAL FUNDS CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED MAY 31, 2008

	Balance June 1, 2007	Additions	Deletions	Balance May 31, 2008
General government:				
City hall	\$ 2,588,311	\$ 28,873	\$ -	\$ 2,617,184
Public safety:				
Police department	89,865	9,396	-	99,261
Fire department	567,778	-	-	567,778
Public works	155,750	9,651	-	165,401
Public service	4,128,480	-	-	4,128,480
Highways and streets	3,942,893	365,577	-	4,308,470
	<u>\$ 11,473,077</u>	<u>\$ 413,497</u>	<u>\$ -</u>	<u>\$ 11,886,574</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Long-Term Debt

To account for long-term liabilities expected to be financed from governmental funds.

CITY OF GRAND BLANC
SCHEDULE OF DEBT SERVICE REQUIREMENTS
1993 MICHIGAN TRANSPORTATION FUND BONDS
MAY 31, 2008

Fiscal Year Ended May 31	Interest August 1	Interest February 1	Principal August 1	Total Requirements
2009	\$ 2,125	\$ 1,075	\$ 40,000	\$ 43,200
2010	1,075	-	40,000	41,075
	<u>\$ 3,200</u>	<u>\$ 1,075</u>	<u>\$ 80,000</u>	<u>\$ 84,275</u>

CITY OF GRAND BLANC
SCHEDULE OF DEBT SERVICE REQUIREMENTS
2001 MICHIGAN TRANSPORTATION FUND BONDS
MAY 31, 2008

Fiscal Year Ended May 31	Interest August 1	Interest February 1	Principal August 1	Total Requirements
2009	\$ 23,922	\$ 22,469	\$ 75,000	\$ 121,391
2010	22,469	20,469	100,000	142,938
2011	20,469	18,406	100,000	138,875
2012	18,406	15,828	125,000	159,234
2013	15,828	13,250	125,000	154,078
2014	13,250	10,625	125,000	148,875
2015	10,625	7,437	150,000	168,062
2016	7,437	3,719	175,000	186,156
2017	3,719	-	175,000	178,719
	<u>\$ 136,125</u>	<u>\$ 112,203</u>	<u>\$ 1,150,000</u>	<u>\$ 1,398,328</u>

CITY OF GRAND BLANC
SCHEDULE OF DEBT SERVICE REQUIREMENTS
2005 NOTE PAYABLE - MANNOR PROPERTIES
MAY 31, 2008

Fiscal Year Ended May 31	Interest October 1	Interest April 1	Principal October 1	Total Requirements
2009	\$ 4,232	\$ 3,680	\$ 30,000	\$ 37,912
2010	3,680	3,128	30,000	36,808
2011	3,128	2,576	30,000	35,704
2012	2,576	1,932	35,000	39,508
2013	1,932	1,288	35,000	38,220
2014	1,288	644	35,000	36,932
2015	644	-	35,000	35,644
	<u>\$ 17,480</u>	<u>\$ 13,248</u>	<u>\$ 230,000</u>	<u>\$ 260,728</u>

City of Grand Blanc

Statistical Section

This part of the City of Grand Blanc's comprehensive annual financial report presents detailed information as a context of understanding what information in the financial statements, note closures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Schedule</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's Financial performance and well-being have changed over time.</i>	1-4
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	5-7
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	8-12
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	13-16
Operating Information <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	17-18

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the current year. The City implemented GASB 34 in 2005; schedules presenting government-wide information include information in that year.

CITY OF GRAND BLANC, MICHIGAN
Net Assets by Component - Unaudited
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 4,157,795	\$ 4,256,458	\$ 4,783,270	\$ 5,603,802	\$ 6,179,506	\$ 7,046,520	\$ 4,535,007	\$ 7,526,757	\$ 7,974,525	\$ 8,317,006
Restricted	1,056,623	1,013,990	779,165	809,540	754,115	767,378	785,190	514,491	546,141	327,244
Unrestricted	1,726,930	2,314,439	2,272,142	3,321,236	2,574,999	2,776,672	3,732,748	3,174,742	3,329,842	3,613,939
Total governmental activities net assets	\$ 6,941,348	\$ 7,584,887	\$ 7,834,577	\$ 9,734,578	\$ 9,508,620	\$ 10,590,570	\$ 9,052,945	\$ 11,215,990	\$ 11,850,508	\$ 12,258,189
Business-type activities										
Invested in capital assets, net of related debt	\$ 7,214,376	\$ 7,019,147	\$ 7,597,407	\$ 7,801,637	\$ 7,877,028	\$ 7,633,029	\$ 7,371,541	\$ 7,319,602	\$ 7,222,077	\$ 7,097,616
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	1,168,942	999,837	832,191	711,836
Total business-type activities net assets	\$ 7,214,376	\$ 7,019,147	\$ 7,597,407	\$ 7,801,637	\$ 7,877,028	\$ 7,633,029	\$ 8,540,483	\$ 8,319,439	\$ 8,054,268	\$ 7,809,452
Primary government										
Invested in capital assets, net of related debt	\$ 11,372,171	\$ 11,275,605	\$ 12,380,677	\$ 13,405,439	\$ 14,056,534	\$ 14,679,549	\$ 11,906,548	\$ 14,846,359	\$ 15,196,602	\$ 15,414,622
Restricted	1,056,623	1,013,990	779,165	809,540	754,115	767,378	785,190	514,491	546,141	327,244
Unrestricted	1,726,930	2,314,439	2,272,142	3,321,236	2,574,999	2,776,672	4,901,690	4,174,579	4,162,033	4,325,775
Total primary activities net assets	\$ 14,155,724	\$ 14,604,034	\$ 15,431,984	\$ 17,536,215	\$ 17,385,648	\$ 18,223,599	\$ 17,593,428	\$ 19,535,429	\$ 19,904,776	\$ 20,067,641

Source: City of Grand Blanc Audit Reports

CITY OF GRAND BLANC, MICHIGAN
Changes in Net Assets - Unaudited
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses										
Governmental activities:										
General government	\$ 1,240,792	\$ 1,350,355	\$ 1,786,415	\$ 1,930,226	\$ 1,842,931	\$ 1,732,566	\$ 764,846	\$ 1,241,738	\$ 859,923	\$ 752,777
Public service	659,895	716,416	736,055	897,106	813,996	818,905	975,498	532,730	778,733	898,822
Public safety	1,498,343	1,673,303	1,755,397	1,775,777	1,994,499	1,998,328	1,927,040	2,090,488	2,070,892	2,140,998
Public works	221,143	206,216	226,281	229,563	204,146	222,474	470,877	343,667	320,549	308,465
Highway and streets	506,263	515,882	731,521	532,700	1,996,110	1,142,591	293,444	208,530	312,299	635,385
Interest on debt	139,334	124,379	111,310	129,277	123,969	94,645	85,507	85,137	74,496	67,403
Total governmental activities expenses	4,265,770	4,586,551	5,346,979	5,494,649	6,975,651	6,009,509	4,517,212	4,502,290	4,416,892	4,803,850
Business-type activities:										
Water	872,855	846,656	888,459	844,909	880,006	892,400	1,272,831	1,363,648	1,426,733	1,549,328
Sewer	737,076	722,338	800,230	812,222	884,434	974,020	1,000,240	1,035,658	907,423	985,091
Total business-type activities expenses	1,609,931	1,568,994	1,688,689	1,657,131	1,764,440	1,866,420	2,273,071	2,399,306	2,334,156	2,534,419
Total primary government expenses	\$ 5,875,701	\$ 6,155,545	\$ 7,035,668	\$ 7,151,780	\$ 8,740,091	\$ 7,875,929	\$ 6,790,283	\$ 6,901,596	\$ 6,751,048	\$ 7,338,269
Program Revenues										
Governmental activities:										
Charges for services	\$ 356,687	\$ 369,341	\$ 370,296	\$ 395,588	\$ 419,007	\$ 530,680	\$ 202,810	\$ 236,479	\$ 174,289	\$ 226,676
General government	32,710	40,658	30,142	29,431	33,976	30,464	301,411	278,889	185,308	292,845
Public service	86,097	92,120	98,188	124,124	99,301	137,537	163,856	227,251	329,367	174,989
Public works	-	-	-	-	-	-	127,678	-	-	15,303
Highway and streets	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	1,622,919	521,417	549,913	494,068
Capital grants and contributions	-	-	-	-	-	-	-	1,026,099	16,797	13,461
Total governmental activities program revenues	475,494	502,119	498,626	549,143	552,284	698,681	2,418,674	2,290,135	1,255,674	1,217,342
Business-type activities:										
Charges for services										
Water	775,891	760,442	700,943	741,241	919,472	897,927	852,386	1,038,263	944,778	1,116,111
Sewer	706,402	703,706	690,500	716,082	797,271	766,753	755,438	758,438	710,050	735,175
Operating grants and contributions	-	-	-	-	-	-	-	33,721	-	-
Capital grants and contributions	-	-	-	-	-	-	23,500	37,500	42,238	2,300
Total business-type activities program revenues	1,482,293	1,464,148	1,391,443	1,457,323	1,716,743	1,664,680	1,631,324	1,867,922	1,697,066	1,853,586
Total primary government program revenues	\$ 1,957,787	\$ 1,966,267	\$ 1,890,069	\$ 2,006,466	\$ 2,269,027	\$ 2,363,361	\$ 4,049,998	\$ 4,158,057	\$ 2,952,740	\$ 3,070,928
Net (expense)/revenue										
Governmental activities	\$ (3,790,276)	\$ (4,084,432)	\$ (4,848,353)	\$ (4,945,506)	\$ (6,423,367)	\$ (5,310,828)	\$ (2,098,538)	\$ (2,212,155)	\$ (3,161,218)	\$ (3,586,508)
Business-type activities	(127,638)	(104,846)	(297,246)	(199,808)	(47,697)	(201,740)	(641,747)	(531,384)	(637,090)	(680,833)
Total primary government net expense	\$ (3,917,914)	\$ (4,189,278)	\$ (5,145,599)	\$ (5,145,314)	\$ (6,471,064)	\$ (5,512,568)	\$ (2,740,285)	\$ (2,743,539)	\$ (3,798,308)	\$ (4,267,341)

CITY OF GRAND BLANC, MICHIGAN
Changes in Net Assets - Unaudited
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 2,512,526	\$ 2,595,123	\$ 2,661,931	\$ 2,788,548	\$ 3,438,665	\$ 2,757,268	\$ 3,121,778	\$ 3,263,590	\$ 3,038,932	\$ 3,179,576
State shared revenues	1,269,472	1,314,987	1,374,414	1,318,224	1,263,890	1,255,716	709,581	706,382	696,411	686,551
Unrestricted investment earnings	66,540	236,027	168,697	130,455	66,202	31,701	55,029	122,373	127,885	196,819
Other revenue	622,669	460,399	352,852	1,785,735	852,948	1,481,079	-	3,876	-	2,168
Transfers - internal activities	24,468	22,772	13,337	2,013	-	-	-	-	-	-
Total governmental activities	4,495,675	4,629,308	4,571,231	6,024,975	5,621,705	5,525,764	3,886,388	4,096,221	3,863,228	4,065,114
Business-type activities:										
Property taxes	41,103	43,057	45,189	46,137	48,087	300,218	310,275	322,167	330,697	341,021
Unrestricted investment earnings	9,234	19,373	45,876	10,215	4,717	10,540	19,641	33,189	50,924	37,339
Other revenue	-	(19,457)	-	81,713	106,400	46,100	-	-	-	-
Transfers - internal activities	(24,468)	(22,772)	(13,337)	(2,013)	-	-	-	-	-	-
Total business-type activities	25,869	20,201	77,728	136,052	159,204	356,858	329,916	355,356	381,621	378,360
Total primary government	\$ 4,521,544	\$ 4,649,509	\$ 4,648,959	\$ 6,161,027	\$ 5,780,909	\$ 5,882,622	\$ 4,216,304	\$ 4,451,577	\$ 4,244,849	\$ 4,443,474
Change in Net Assets										
Governmental activities	\$ 705,399	\$ 544,876	\$ (277,122)	\$ 1,079,469	\$ (801,662)	\$ 214,936	\$ 1,787,850	\$ 1,884,066	\$ 702,010	\$ 478,606
Business-type activities	(101,769)	(84,645)	(219,518)	(63,756)	111,507	155,118	(311,831)	(176,028)	(255,469)	(302,473)
Total primary government	\$ 603,630	\$ 460,231	\$ (496,640)	\$ 1,015,713	\$ (690,155)	\$ 370,054	\$ 1,476,019	\$ 1,708,038	\$ 446,541	\$ 176,133

Source: City of Grand Blanc Audit Reports

SCHEDULE 3

CITY OF GRAND BLANC, MICHIGAN
Fund Balances of Governmental Funds - Unaudited
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,697,782	2,059,155	1,802,362	1,944,683	1,972,617	2,302,991	2,578,750	2,278,020	2,365,828	2,741,254
Total general fund	<u>\$ 1,697,782</u>	<u>\$ 2,059,155</u>	<u>\$ 1,802,362</u>	<u>\$ 1,944,683</u>	<u>\$ 1,972,617</u>	<u>\$ 2,302,991</u>	<u>\$ 2,578,750</u>	<u>\$ 2,278,020</u>	<u>\$ 2,365,828</u>	<u>\$ 2,741,254</u>
All other governmental funds										
Reserved	\$ -	\$ 3,115	\$ 3,115	\$ 3,115	\$ 3,115	\$ 3,115	\$ 3,115	\$ 72,232	\$ 61,723	\$ -
Unreserved										
Special revenue funds	1,085,771	1,266,159	1,245,830	2,182,978	1,353,382	1,237,944	861,344	526,809	558,458	327,244
Total all other governmental funds	<u>\$ 1,085,771</u>	<u>\$ 1,269,274</u>	<u>\$ 1,248,945</u>	<u>\$ 2,186,093</u>	<u>\$ 1,356,497</u>	<u>\$ 1,241,059</u>	<u>\$ 864,459</u>	<u>\$ 599,041</u>	<u>\$ 620,181</u>	<u>\$ 327,244</u>

Source: City of Grand Blanc Audit Reports

CITY OF GRAND BLANC, MICHIGAN
Changes in Fund Balance, Governmental Funds (1) - Unaudited
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues										
Taxes	\$ 2,512,526	\$ 2,595,123	\$ 2,661,931	\$ 2,788,548	\$ 2,921,012	\$ 2,757,268	\$ 3,113,741	\$ 3,225,268	\$ 3,086,640	\$ 3,147,772
Licenses and Permits	86,097	92,120	98,188	124,124	99,301	137,537	128,667	158,926	144,081	140,030
Inter-governmental	1,850,510	1,617,122	1,455,160	1,414,225	2,602,541	2,736,795	2,355,519	2,253,898	1,263,121	1,194,080
Charges for Services	356,687	369,341	370,296	395,588	419,007	419,811	441,518	478,915	466,444	473,508
Fines and Forfeits	32,710	40,658	30,142	29,431	33,976	30,464	31,256	30,591	11,188	13,541
Interest	66,540	236,027	168,697	130,455	66,202	31,701	55,028	122,373	127,885	196,819
Miscellaneous	41,631	30,749	42,106	39,734	31,950	110,869	43,616	77,187	67,251	82,734
Total Revenues	4,946,701	4,981,140	4,826,520	4,922,105	6,173,989	6,224,445	6,169,345	6,347,158	5,166,610	5,248,484
Expenditures										
General Government	995,748	950,955	1,501,415	925,226	1,234,598	1,488,323	956,602	1,207,713	815,797	727,733
Public Safety	1,498,343	1,673,303	1,755,397	1,775,777	1,994,499	1,998,328	2,057,195	2,053,626	2,063,071	2,100,934
Public Service	659,895	716,416	736,055	897,106	813,996	818,905	936,408	1,329,026	827,193	799,501
Public Works	221,143	206,216	226,281	229,563	204,146	222,474	291,338	326,840	310,492	302,428
Highway and Streets	506,263	515,882	731,521	532,700	1,996,110	1,142,591	2,054,752	1,645,872	769,021	447,213
Capital Outlay	-	124,400	-	-	-	-	-	-	-	413,496
Debt Service	245,044	275,000	285,000	1,005,000	608,333	244,243	200,000	265,000	175,302	235,303
Principal	139,334	124,379	111,310	129,277	123,969	94,645	84,004	85,229	59,900	68,462
Interest	4,265,770	4,586,551	5,346,979	5,494,649	6,975,651	6,009,509	6,580,299	6,913,306	5,020,776	5,095,070
Total Expenditures	680,931	394,589	(520,459)	(572,544)	(801,662)	214,936	(410,954)	(566,148)	145,834	153,414
Excess of Revenues over (under) Expenditures	-	127,515	-	1,500,000	-	-	-	-	-	-
Other Financing Sources (Uses)										
Bond Proceeds	-	-	230,000	150,000	-	-	310,000	-	30,607	-
Loan Proceeds	-	-	194,022	215,969	255,595	258,285	262,535	326,800	325,475	249,092
Transfers In	261,358	199,315	(176,543)	(180,685)	(213,956)	(258,285)	(262,535)	(326,800)	(325,475)	(249,092)
Transfers (Out)	(236,890)	(176,543)	(180,685)	(213,956)	(255,595)	(258,285)	(262,535)	(326,800)	(325,475)	(249,092)
Total Other Funding Sources (Uses)	24,468	150,287	243,337	1,652,013	-	-	310,000	-	30,607	-
Net Change in Fund Balances	\$ 705,399	\$ 544,876	\$ (277,122)	\$ 1,079,469	\$ (801,662)	\$ 214,936	\$ (100,954)	\$ (566,148)	\$ 176,441	\$ 153,414
Debt service as a percentage of noncapital expenditures	9.90%	9.83%	8.01%	26.01%	11.73%	5.98%	4.51%	5.34%	4.91%	6.49%

Notes:

- (1) Includes General, Special Revenue, Debt Service and Capital Project Funds
(2) Significant revenues from federal road projects were received during 2003, 2004 and 2005
(3) Significant revenues from federal funds in the general fund were received during 2004
(4) Significant revenues from federal funds in local street special revenue were received during 2005

Source: City of Grand Blanc audit reports

CITY OF GRAND BLANC, MICHIGAN
Assessed and State Equalized Value of Taxable Property - Unaudited
Last Ten Fiscal Years

Fiscal Year Ended	Real Property/Qualified				Personal Property		Total		Ratio of State Equalized Value to Taxable Value
	Direct Tax Rate	State Equalized/ Assessed Value	Taxable Value	Ratio of State Equalized Value to Taxable Value	State Equalized/ Assessed Value	Taxable Value	State Equalized/ Assessed Value	Taxable Value	
May 31,									
1999	12.1500	\$ 194,992,630	\$ 184,489,470	94.6%	\$ 10,336,750	\$ 9,880,375	\$ 205,329,380	\$ 194,369,845	94.7%
2000	12.1500	208,815,920	195,707,822	93.7%	10,598,020	10,598,020	219,413,940	206,305,842	94.0%
2001	12.1500	219,041,400	204,000,030	93.1%	11,736,800	11,736,800	230,778,200	215,736,830	93.5%
2002	12.1500	226,603,320	210,641,840	93.0%	10,414,607	10,414,607	237,017,927	221,056,447	93.3%
2003	12.1500	232,949,190	219,991,180	94.4%	11,199,930	11,199,930	244,149,120	231,191,110	94.7%
2004	12.2500	258,012,690	230,276,954	89.3%	11,300,940	11,300,940	269,313,630	241,577,894	89.7%
2005	12.1500	273,251,505	239,146,915	87.5%	11,554,880	11,549,190	284,806,385	250,696,105	88.0%
2006	12.1500	280,225,095	247,472,235	88.3%	11,571,650	11,571,650	291,796,745	259,043,885	88.8%
2007	12.1500	290,133,120	255,944,970	88.2%	11,176,180	11,176,180	301,309,300	267,121,150	88.7%
2008	12.1500	310,626,470	275,662,150	88.7%	11,602,960	11,602,960	322,229,430	287,265,110	89.1%

Source: CITY OF GRAND BLANC, MICHIGAN Equalization Department

Note: Property in the city is assessed annually.

CITY OF GRAND BLANC, MICHIGAN
Property Tax Rates
Direct and Overlapping Governments - Unaudited
Last Ten Fiscal Years

CITY OF GRAND BLANC, MICHIGAN					Overlapping Rates								
Fiscal Year	Operating Millage	Streets Millage	Water Imp. Millage	Total City Millage	Genesee County	Parks	SET Schools (1)	School Operating	School Debt	School Building and Site	Inter-mediate Schools	Mott College	Total
1998-1999	9.9500	1.0000	1.2000	12.1500	8.2618	1.0000	6.0000	18.0000	0.0000	1.0000	3.6032	1.8745	51.8895
1999-2000	9.9500	1.0000	1.2000	12.1500	8.2618	1.0000	6.0000	17.8311	0.0000	1.0000	3.6032	1.8745	51.7206
2000-2001	9.9500	1.0000	1.2000	12.1500	8.2271	0.9936	6.0000	18.0000	1.8000	1.0000	3.5894	1.8694	53.6295
2001-2002	9.9500	1.0000	1.2000	12.1500	8.2187	0.9936	6.0000	17.7480	1.8000	0.9923	3.5835	2.8672	54.3533
2002-2003	9.9500	1.0000	1.3000	12.2500	8.1831	0.9936	5.0000	17.6344	1.8000	0.9872	3.5672	2.8280	53.2435
2003-2004	9.9500	1.0000	1.2000	12.1500	8.1373	0.9852	6.0000	17.6344	1.8000	0.9779	3.5469	2.7466	53.9783
2004-2005	9.9500	1.0000	1.2000	12.1500	8.5154	0.9852	5.0000	17.3275	4.5000	0.9768	3.5361	2.6807	55.6717
2005-2006	9.9500	1.0000	1.2000	12.1500	8.5154	0.9852	6.0000	17.3275	4.5015	1.0000	3.5361	2.6807	56.6964
2006-2007	9.9500	1.0000	1.2000	12.1500	10.2092	0.0000	6.0000	18.0000	4.4700	1.0000	3.5341	2.6796	58.0429
2007-2008	9.9500	1.0000	1.2000	12.1500	10.2092	0.0000	6.0000	18.0000	4.3600	1.0000	3.5341	2.6796	57.9329

Source: CITY OF GRAND BLANC, MICHIGAN Equalization Department

(1) Proposal A voted in on March 15, 1994 implemented a 6 mill state education tax with the exception of 2003 which was reduced to 5 mills.

CITY OF GRAND BLANC
Principal Taxpayers - Unaudited
Last Ten Fiscal Years

Taxpayer	Type of Business	2008			2007			2006			2005		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bridgewood Common Shopping Center	Retail Complex	\$ 5,167,275	1	1.80%	\$ 5,051,100	1	1.76%	\$ 4,539,680	2	1.51%	\$ 4,394,670	2	1.51%
Perry Place Apartments LLC	Apartment Complex	4,709,065	2	1.64%	4,629,580	2	1.61%	4,986,620	1	1.65%	4,794,670	1	1.64%
General Motors	Auto Industry	3,059,500	3	1.07%	3,029,250	4	1.05%	2,999,260	4	1.00%	3,026,300	4	1.04%
ABE Brianwood	Nursing Home	2,845,986	4	0.99%	2,782,000	5	0.97%	2,683,740	5	0.89%	2,597,040	5	0.89%
Grand Blanc Center LLC	Retail Complex	2,121,702	5	0.74%	2,074,000	7	0.72%	2,103,460	7	0.70%	2,036,270	7	0.70%
American House - Grand Blanc LLC	Apartment Complex	2,072,200	6	0.72%	2,297,210	6	0.80%	2,215,250	6	0.74%	2,177,370	6	0.75%
Consumer's Energy	Utility Supplies	2,068,000	7	0.72%	1,993,630	8	0.69%	1,970,320	8	0.65%	1,876,530	8	0.64%
Grand Blanc Golf and Country Club	Golf Course	2,025,227	8	0.71%	1,979,700	9	0.69%	1,909,110	9	0.63%	1,848,170	9	0.63%
Grand Oak LLC	Apartment Complex	1,873,300	9	0.65%	4,531,490	3	1.58%	3,828,980	3	1.27%	3,776,840	3	1.29%
Grand Bend Club Apartments LLC	Apartment Complex	1,829,962	10	0.64%	1,788,820	10	0.62%	1,826,140	10	0.61%	1,767,810	10	0.61%
Grand Blanc Mall, Inc.	Retail Complex	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Nelson Limited Partnership	Retail Complex	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Arkin Jonna Properties	Retail Complex	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
K-Mart Corporation	Retailer	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Totals		\$27,772,217		9.67%	\$30,156,780		10.50%	\$29,062,560		9.65%	\$28,295,670		9.70%

Source: CITY OF GRAND BLANC,
MICHIGAN Equalization Department

SCHEDULE 7

Taxpayer	2004			2003			2002			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bridgewood Common Shopping Center	\$ 4,295,870	2	1.51%	\$ 1,679,570	9	0.62%	\$ -	-	0.00%	\$ -	-	0.00%
Perry Place Apartments LLC	4,718,430	1	1.66%	4,612,360	1	1.71%	4,544,220	1	1.86%	4,403,330	1	1.86%
General Motors	3,863,390	4	1.36%	2,952,490	4	1.10%	3,832,260	3	1.57%	3,760,120	2	1.59%
ABE Brianwood	3,977,870	3	1.40%	2,295,390	5	0.85%	2,631,290	5	1.08%	2,191,350	5	0.92%
Grand Blanc Center LLC	1,990,490	6	0.70%	1,845,740	6	0.72%	1,916,990	7	0.79%	1,917,090	7	0.81%
American House - Grand Blanc LLC	1,728,070	9	0.61%	1,689,230	8	0.63%	1,664,270	9	0.68%	1,612,670	9	0.68%
Consumer's Energy	1,850,020	7	0.65%	-	-	0.00%	1,769,430	8	0.72%	-	-	0.00%
Grand Blanc Golf and Country Club	1,806,650	8	0.63%	1,766,080	7	0.66%	1,989,880	6	0.82%	1,686,120	8	0.71%
Grand Oak LLC	3,691,950	5	1.30%	3,608,980	3	1.34%	3,555,670	4	1.46%	3,452,100	4	1.46%
Grand Bend Club Apartments LLC	1,725,140	10	0.61%	1,686,360	10	0.63%	1,661,440	10	0.68%	1,609,930	10	0.68%
Grand Blanc Mall, Inc.	-	-	0.00%	3,912,340	2	1.45%	3,854,530	2	1.58%	3,735,020	3	1.58%
Nelson Limited Partnership	-	-	0.00%	-	-	0.00%	-	-	0.00%	1,919,160	6	0.81%
Arkin Jonna Properties	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
K-Mart Corporation	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Totals	\$29,647,880		10.41%	\$26,148,540		9.71%	\$27,419,980		11.23%	\$26,286,890		11.09%

Source: CITY OF GRAND BLANC,
MICHIGAN Equalization Department

SCHEDULE 7

Taxpayer	2000			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bridgewood Common Shopping Center	\$ -	-	0.00%	\$ -	-	0.00%
Perry Place Apartments LLC	4,355,710	1	1.89%	5,950,980	1	2.71%
General Motors	3,766,800	2	1.63%	3,921,600	2	1.79%
ABE Brianwood	2,336,920	5	1.01%	2,322,130	6	1.06%
Grand Blanc Center LLC	1,892,940	7	0.82%	1,825,000	7	0.83%
American House - Grand Blanc LLC	1,592,350	10	0.69%	1,533,540	9	0.70%
Consumer's Energy	1,780,960	9	0.77%	2,452,500	5	1.12%
Grand Blanc Golf and Country Club	1,895,770	6	0.82%	-	-	0.00%
Grand Oak LLC	3,452,100	4	1.50%	3,311,610	4	1.51%
Grand Bend Club Apartments LLC	-	-	0.00%	-	-	0.00%
Grand Blanc Mall, Inc.	3,667,410	3	1.59%	3,553,250	3	1.62%
Nelson Limited Partnership	1,883,590	8	0.82%	-	-	0.00%
Arkin Jonna Properties	-	-	0.00%	1,732,610	8	0.79%
K-Mart Corporation	-	-	0.00%	1,313,000	10	0.60%
Totals	\$26,624,550		11.54%	\$27,916,220		12.72%

Source: CITY OF GRAND BLANC,
MICHIGAN Equalization Department

SCHEDULE 8

CITY OF GRAND BLANC, MICHIGAN
Property Tax Levies and Collections - Unaudited
Last Ten Fiscal Years

Fiscal Year Ended May 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 2,361,595	\$ 2,303,890	97.56%	\$ 57,705	\$ 2,361,595	100.00%
1999	2,510,841	2,458,996	97.94%	42,373	2,501,369	99.62%
2000	2,643,386	2,587,578	97.89%	51,754	2,639,332	99.85%
2001	2,777,141	2,692,938	96.97%	77,518	2,770,456	99.76%
2002	2,906,846	2,799,275	96.30%	81,113	2,880,388	99.09%
2003	3,061,639	2,940,292	96.04%	57,308	2,997,600	97.91%
2004	3,145,269	3,007,880	95.63%	69,573	3,077,453	97.84%
2005	3,402,594	3,249,620	95.50%	121,416	3,371,036	99.07%
2006	3,539,270	3,415,033	96.49%	135,402	3,550,435	100.32%
2007	3,490,271	3,400,164	97.42%	71,196	3,417,337	97.91%
2008	3,470,457	3,284,467	94.64%	185,989	3,468,691	99.95%

Source: CITY OF GRAND BLANC, MICHIGAN Treasurer

CITY OF GRAND BLANC, MICHIGAN
Ratios of Outstanding Debt by Type - Unaudited
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Purchase Contracts	Capital Leases	Business- Type Activities						
1999	\$ 950,000	\$ -	\$ -	\$ 1,500,000		\$ 2,450,000		1.48%	\$	316
2000	955,000	-	-	1,350,000		2,305,000		1.35%		297
2001	820,000	230,000	-	1,200,000		2,250,000		1.28%		290
2002	2,175,000	285,000	140,000	375,000		2,975,000		1.55%		361
2003	2,010,000	-	386,313	209,046		2,605,359		1.43%		316
2004	1,995,000	-	25,709	3,994,642		6,015,351		3.13%		730
2005	2,105,000	135,000	41,270	4,097,931		6,379,201		3.16%		774
2006	1,580,000	-	19,240	3,993,336		5,592,576		2.64%		679
2007	1,680,000	-	30,606	3,801,328		5,511,934		2.47%		669
2008	1,460,000	-	42,372	3,578,680		5,081,052		2.28%		616

Source: City of Grand Blanc Audit Reports

(1) See Statistical Table Number 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF GRAND BLANC, MICHIGAN
Ratios of Net General Bonded Debt
To State Equalized Value and Net Bonded Debt per Capita - Unaudited
Last Ten Fiscal Years

Fiscal Year	Population	State Equalized Valuation (In Thousands)	Gross Bonded Debt (In Thousands)	Amounts Available in Debt Service Fund	Debt Payable from Enterprise Revenue	Net Bonded Debt (In Thousands)	Ratio of Net Bonded Debt to State Equalized Value of Property		Net Debt Per Capita (2)				
1999	7,760	(1) \$	205,259	\$	2,811	\$	698	\$	345	1,768	0.86%	\$	228
2000	7,760	(1)	216,414		2,589		776		257	1,556	0.72%		201
2001	7,760	(1)	230,778		2,433		827		169	1,437	0.62%		185
2002	8,242	(3)	237,129		3,084		189		80	2,815	1.19%		342
2003	8,242	(3)	244,149		2,605		64		-	2,541	1.04%		308
2004	8,242	(3)	269,313		6,015		64		-	5,951	2.21%		722
2005	8,242	(3)	284,806		6,252		64		3,450	2,738	0.96%		332
2006	8,242	(3)	291,796		5,853		64		3,295	2,494	0.85%		303
2007	8,242	(3)	301,309		5,464		58		3,140	2,266	0.75%		275
2008	8,242	(3)	322,229		5,039		-		3,579	1,460	0.45%		177

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) 1990 U.S. Census

(2) Includes all general obligation notes and bonds

(3) 2000 U.S. Census

CITY OF GRAND BLANC, MICHIGAN
Computation of Direct and Overlapping Debt - Unaudited
May 31, 2008

<u>Date of Financial Information</u>	<u>Jurisdiction</u>	<u>Amount Applicable to Net Debt Outstanding</u>	<u>Percentage Applicable to City of Grand Blanc</u>	<u>Total Overlapping Debt Applicable to City of Grand Blanc</u>
Direct: 5/31/2008	City of Grand Blanc	\$ 5,038,680	100%	\$ 5,038,680
Overlapping:				
6/30/2006	Mott Community College	89,490,000	2.80%	2,505,720
6/30/2006	Bishop Airport Authority	10,555,000	2.61%	275,486
6/30/2006	Genesee County	34,156,674	2.61%	891,489
6/30/2006	Grand Blanc School District	98,790,000	23.81%	23,521,899
	Total Overlapping	232,991,674		27,194,594
	Totals	\$ 238,030,354		\$ 32,233,274

Source: Grand Blanc Schools Audit

CITY OF GRAND BLANC
Legal Debt Margin Information - Unaudited
Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Legal debt limit	\$ 19,436,985	\$ 20,630,584	\$ 23,077,820	\$ 23,712,903	\$ 24,414,912	\$ 26,931,363	\$ 28,480,639	\$ 29,179,675	\$ 26,785,089	\$ 28,726,511
Total net debt applicable to limit	2,210,000	2,020,000	1,215,000	375,000	-	-	4,227,931	3,993,336	3,715,072	3,578,680
Legal debt margin	\$ 17,226,985	\$ 18,610,584	\$ 21,862,820	\$ 23,337,903	\$ 24,414,912	\$ 26,931,363	\$ 24,252,708	\$ 25,186,339	\$ 23,070,017	\$ 25,147,831

Total net debt applicable to the limit
as a percentage of debt limit

	11.37%	9.79%	5.26%	1.58%	0.00%	0.00%	14.84%	13.69%	13.87%	12.46%
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Legal Debt Margin Calculation for Fiscal Year 2008

Taxable Value	\$ 287,265,110
Debt limit (10% of taxable value of property in County)	28,726,511
Debt applicable to limit:	3,578,680
Less:	-
Assets in Debt Service funds available for payment of principal	
Total amount of debt applicable to debt limit	3,578,680
Legal debt margin	\$ 25,147,831

Note: Under state finance law Grand Blanc City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF GRAND BLANC, MICHIGAN
Ratio of Annual Debt Service Expenditures
for General Bonded Debt to Total General Expenditures - Unaudited
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
1999	\$	\$ 245,044	\$ 139,334	\$ 4,265,770	9.0%
2000		275,000	124,379	4,586,551	8.7%
2001		285,000	111,310	5,346,979	7.4%
2002		1,005,000	129,277	5,494,649	20.6%
2003		608,333	123,968	6,975,650	10.5%
2004		244,243	94,645	6,009,509	5.6%
2005		200,000	84,004	6,594,887	4.3%
2006		265,000	85,229	6,913,306	5.1%
2007		160,000	75,202	5,020,776	4.68%
2008		235,303	68,462	5,095,070	5.96%

Source: City of Grand Blanc Audit Reports

- (1) Does not include general bonded debt issued for water and sewer utility purposed, which is paid from the Water and Sewer Fund revenues.
- (2) Includes General, Special Revenue, Debt Service and Capital Project Funds

CITY OF GRAND BLANC, MICHIGAN
Demographic and Economic Statistics - Unaudited
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
1999	7,760	\$ 165,838,960	\$ 21,371	5,891	5.40%
2000	7,760	170,813,120	22,012	5,927	5.20%
2001	7,760	175,934,720	22,672	6,260	7.10%
2002 (5)	8,242	192,467,184	23,352	6,449	8.70%
2003	8,242	182,708,656	22,168	6,789	6.70%
2004	8,242	192,026,797	23,299	7,313	8.90%
2005	8,242	201,820,164	24,487	7,624	8.90%
2006	8,242	212,112,992	25,736	7,940	7.70%
2007	8,242	222,930,755	27,048	8,232	7.80%
2008	8,242	289,178,812	35,086	8,473	8.50%

Data Sources:

- (1) Population Division, U.S. Census Bureau - Population is an estimate as of July 1, of fiscal year with the exception of 2002 which reflects the actual census.
- (2) Bureau of Economic Analysis - 2007 Per Capita Income Levels and Ranks
- (3) Grand Blanc School District - Continuing Disclosure Report
- (4) Michigan Department of Labor and Economic Growth
- (5) 2000 Census

N/A - Not Available

CITY OF GRAND BLANC
Principal Employers - Unaudited
Last Ten Fiscal Years

Employer	Type of Industry	2008			2007			2006			2005			2004		
		Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Grand Blanc Rehab and Nursing Center	Nursing Home	325	1	7.58%	250	1	5.83%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Grand Blanc Schools	School	200	2	4.66%	194	2	4.52%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Kroger	Grocery Store	140	3	3.26%	134	3	3.13%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
McDonalds	Restaurant	60	4	1.40%	59	4	1.38%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Kmart	Retail Store	55	5	1.28%	57	5	1.33%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Metropolitan Building	Medical	51	6	1.19%	50	6	1.17%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Luca's Chophouse	Restaurant	50	7	1.17%	35	7	0.82%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
City of Grand Blanc	Government	36	8	0.84%	34	8	0.79%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Burger King	Restaurant	30	9	0.70%	30	9	0.70%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
General Motors	Automotive	29	10	0.68%	30	10	0.70%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Totals		976		22.76%	873		20.36%	-	-	0.00%	-	-	0.00%	-	-	0.00%

Source: Listed Businesses and U.S.Census

Total Employment within the City: 4,288

N/A - Data Not Available

Employer	2003			2002			2001			2000			1999		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Grand Blanc Rehab and Nursing Center	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Grand Blanc Schools	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Kroger	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
McDonalds	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Kmart	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Metropolitan Building	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Luca's Chophouse	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
City of Grand Blanc	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Burger King	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
General Motors	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Totals	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%

Source: Listed Businesses and U.S.Census

Total Employment within the City: 4,288

N/A - Data Not Available

SCHEDULE 16

CITY OF GRAND BLANC, MICHIGAN
Full-time Equivalent Employees by Function - Unaudited
Last Ten Fiscal Years

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Function									
General service administration	14	17	18	19	19	19	19	18	18
Legislative	7	7	7	7	7	7	7	7	7
Law enforcement	18	17	18	18	19	20	20	20	18
Planning and development	-	-	1	1	1	1	-	-	-
Total	39	41	44	45	46	47	46	45	43

Source: Grand Blanc City Personnel Office

CITY OF GRAND BLANC, MICHIGAN
Operating Indicators Statistics by Function/Program - Unaudited
Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Government										
Building Permits Issued	67	57	6	3	3	9	8	10	8	15
Building Inspections Conducted	140	174	274	220	405	272	360	450	156	753
Police										
Physical Arrests	N/A	344	399	500	445	534	617	613	453	456
Parking Violations (1)	N/A	30	35	105	148	N/A	N/A	N/A	N/A	N/A
Traffic Violations	N/A	487	540	718	699	1104	1252	853	1304	1335
Water										
New Connections	15	15	11	4	5	11	10	12	8	15
Water Main Breaks	11	14	10	14	6	13	20	8	5	14
Average daily consumption (gallons)	1,520,000	1,200,000	1,220,000	1,180,000	1,140,000	1,100,000	1,060,000	1,020,000	980,000	940,000
Number of Customers	2,426	2,530	2,520	2,533	2,546	2,559	2,572	2,585	2,598	2,611
Wastewater										
Average daily sewage treatment	1,520,000	1,200,000	1,220,000	1,180,000	1,140,000	1,100,000	1,060,000	1,020,000	980,000	940,000

Source: Various City Departments
U.S. Census Bureau

N/A - Not Available at the Time of Audit

(1) Violations included in Traffic Violations from 1998-2003.

CITY OF GRAND BLANC, MICHIGAN
Capital Asset Statistics by Function/Program - Unaudited
Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	12	12	12
Water										
Water Mains (Miles)	49	48	48	48	48	48	48	48	48	48
Fire Hydrants	419	352	352	348	344	344	344	342	342	335
Storage Capacity (Gallons)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Wastewater										
Sanitary Sewage miles	49	48	48	48	48	48	48	48	48	48
Storm Sewage miles	49	48	48	48	48	48	48	48	48	48
Treatment Capacity(Millions of Gallons/Day)	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96
Area										
City Major Streets (miles)	7.21	7.21	7.21	7.21	7.21	6.98	6.98	6.98	6.98	6.98
City Local Streets (miles)	23.29	23.29	23.29	23.29	23.29	20.35	20.35	20.35	20.35	20.35

Source: Various City Departments

Internal Control and Compliance



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

September 10, 2008

City Council
City of Grand Blanc
Grand Blanc, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component, each major fund and the aggregate remaining fund information of the *City of Grand Blanc, Michigan* (the "City"), as of and for the year ended May 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

1) Lack of Adequate Controls to Produce Full-Disclosure GAAP Basis Financial Statements

Criteria:	All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)
Condition:	As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its <i>external</i> auditors, who cannot by definition be considered a part of the government's <i>internal</i> controls.
Cause:	This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.
Effect:	As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.
View of Responsible Officials:	The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

2) Recording, Processing and Summarizing Accounting Data

Criteria:	All governments are required to have in place internal controls over recording, processing, and summarizing accounting data (e.g., maintaining internal books and records).
Condition:	As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the recording, processing and summarizing of certain accounting data as part of its external financial reporting process. Accordingly, the government has placed reliance on its <i>external</i> auditors, who cannot by definition be considered a part of the government's <i>internal</i> controls.
Cause:	This condition was caused by the government's decision that it is more cost effective to have the external auditors recommend the necessary adjusting journal entries to its general ledger than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.
Effect:	As a result of this condition, the government lacks internal controls over the recording, processing, and summarizing of accounting data, and instead relies, in part, on its external auditors for assistance with this task.
View of Responsible Officials:	The government has evaluated the cost vs. benefit of establishing internal controls over the recording, processing, and summarizing of accounting data, and determined that it is in the best interests of the government to rely on its external auditors to recommend the necessary adjustments.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's responses to the findings identified in our audit are described above. We did not audit the City's response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Council members, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, stylized 'L' at the beginning.